COOPERATIVE BANK OF KARDITSA LIMITED LIABILITY COOPERATIVES (SYN.P.E.)

Annual Financial Statements for the financial year that ended on 31 December 2017

in accordance with the International Financial Reporting Standards (IFRS)

June 2018

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A) Report of the Board of Directors for the financial year 2017

INTERNATIONAL AND EUROPEAN ECONOMIC

ENVIRONMENT

In 2017 the world economy continued to grow and in fact at higher rates than in previous years. The rate of the world GDP growth stood at 3.7%, the biggest increase since 2011, with the main features of the recovery, the high degree of timing between the larger economies and the significant increase in world trade volume compared to the very low rate recorded in 2016. At the same time, central bank's efforts to boost growth have consolidated interest rates at law levels. Overall, the state of the world economy is very good. In many countries, there has been sustainable growth and prosperity for the first time in the last ten years. Reinforcement of the rate of growth of the world economy for 2018 but also for 2019 is predicted by the OECD in its interim report on the economic outlook. In particular, it predicts that global GDP will grow by 3.9%, revising its predictions increasingly. However, it warns of the danger posed to global growth, by an outbreak of protectionism.

In the eurozone, the GDP growth rate in 2017 stood at 2.5%, the highest levels after the crisis, with tthe private consumption still constituting the driving force behind growth. Favorable financing conditions, as a result of the particularly favorable monetary policy of the ECB and the improvement of the labor market, have been the main factors that supported the domestic demand. For the Eurozone, the OECD predicts a small slowdown in growth from 2.5% in 2017 to 2.3% this year and 2.1% in 2019

GREEK ECONOMY

In 2017, it was a year of returning the Greek economy to growth after a multi-year recession, with the exception of 2014.

The key figures of the Greek economy, as included in the first official economic bulletin of the Council of Economic Experts (SOE) of the Ministry of Finance show that a high primary surplus of 3.7% of GDP or € 5.93 billion euros was achieved in 2017.

GDP was increased by 1.4% for the entire 2017 to 177.3 billion euros compared to 174.2 billion euros in 2016.

All three rating agencies that upgraded the country's creditworthiness (S&P and Fitch by one level and Moody's by two levels) with a positive outlook for fiscal developments, predict a 2% growth for the current year.

Unemployment receded further to 20.8%, but remains high.

Private deposits grew last year by 5.73 billion euros, leading to a reduction in banks' dependence on ELA and an easing of capital controls according to planning.

The current account deficit dropped to 1.45 billion euros in 2017, as travel receipts grew by 10.5% to 14.6 billion euros.

The volume of private building activity increased in the 10-month period of 2017, recording an annual recovery of 23.3%, while the volume of retail trade rose by 1.6% in the same period.

Also, according to the data of the Bank of Greece, the competitiveness of the Greek economy appears improved in 2017 compared to 2014 by 3.7% (Bank of Greece).

Tourism and shipping were the two sectors of economic activity that contributed the most to improving the country's economic performance.

During 2017, there was a return of inflation to positive ground, mainly due to the intensely increasing course of international oil prices as ell as the rise of indirect taxes since the beginning of the year.

On the other hand, there are significant uncertainties related to geopolitical developments and the refugee issue as well as possible postponements in the implementation of reforms and privatizations.

In the negatives is also recorded the significant of tax reduction of tax receipts from the exhaustion of the tax base, which is reflected in the burst of overdue debts to the public sector. According to IAPR (Independent Authority of Public Revenues) figures, overdue tax debts to the state exceeded 100 billion euros and continue to grow by about 1 billion per month. At the same time, seizures from the state are growing.

In 63% of state debtors, seizures have already been imposed. Debtors who have been subject to compulsory collection measures, thus, reach 1.100.000.

All of the above exacerbate the climate in the market, as consumers' liquidity is declining.

THE GREEK BANKING SYSTEM

The gradual recovery course of the financial system continued throughout 2017. Improving economic conditions coupled with the implementation of the third economic adjustment program and the further easing of capital controls contributed to the consolidation of financial stability.

A very important development for the domestic banking system in 2017 was the reversal of the tendency of the shrinking of deposits. Thus, for the first time after 2013, the total deposits in the Greek banking system were increased.

Domestic market deposits in 2017 rose by 5% were shaped to 137.8 billion euros (2016: 131.2 billion euros). As a result, in 2017, the dependence of the Greek banking institutions on the Eurosystem (EKT and ELA) funding mechanism for extraordinary liquidity also declined. In particular, funding declined gradually in 2017 to reach 33.7 billion euros in December from 66.6 billion euros in December 2016.

However, there are still significant challenges for the financial stability, which leave no room for complacency. The most important of these is the effective management of the high reserve of non-performing exposures, which further shrunk in 2017 and reached 43.1% of the total portfolio (or 95.6 billion euros) at the end of the year. However, it is noted that even if credit institutions fully achieve the business targets they have set by the end of 2019 for the reduction of NPEs (Non-Performing Exposures), the percentage of them in the whole portfolio will be 35.2%.

The Capital Adequecy Ratio remained almost unchanged at 17%. It should be noted that the banks managed to maintain their capital reserves after the recent stress test, but also in view of adjusting to new supervisory requirements. It is about the implementation of the International Financial Reporting Standard 9 (IFRS 9), whose impact on the four major banks has been estimated at 5.6 billion euros, as well as the tightening of the management of the forecasts for new NPEs (Non-Performing Exposures).

THE COOPERATIVE BANKS

The year 2017 ended positively for the Cooperative Banks of our country as well. Their assets rose by 4.45% compared to 2016. Sponsorships had a positive sign over the past year while the average of systemic banks was negative.

The cooperative banks expand their presence in the banking market by attracting deposits that were increased by 7% in total and their profitability was reinforced by 17%. At the same time, they have reduced their funding by the Eurosystem's funding mechanism (ELA).

However, the successful activation requires their financial shielding and understanding of the strength of cooperation between them to increase revenue sources, diversify their activities, and reduce operating costs, notably through joint investments in computerization and infrastructures.

Although Cooperative banks were not directly supervised by SSM, they had, like all non-systemic banks, memorandum obligations. The supplementary memorandum foresaw that any capital shortages in cooperative banks would have to be addressed by the end of February 2018.

The recapitalizations will soon be completed and in the new landscape of Cooperative Banks, the presence of strategic investors will be strong. At the same time, the mergers of the Cooperative Banks of northern Greece are proceeding with the creation of new regional schemes.

The supervisor, who has set four requirements to the cooperative banks: a) to draw up and implement restructuring plans, b) to proceed with the active management of their non-performing loans on the basis of the objectives by the Bank of Greece, c) to proceed with changes in the boards of directors within the framework of the procedure of approvals of the BoD followed by SSM, and d) ensure that their capital adequacy is reinforced continuously.

The major problem for these is the amount of non-performing loans, which move around 57% of the cooperative banks' loans, compared with the corresponding percentage of 44.5% tfor systemic banks.

THE COOPERATIVE BANK OF KARDITSA

Within this environment, the Cooperative Bank of Karditsa functioned as well. The year 2017 could be described as a year of consolidation of bank sizes.

Deposits -following the significant decline that they presented in 2015- continued their increasing course they made in 2016. At the end of 2017, they exceeded 81 million, recording an increase of 6.7 million or 8.8%. The market share in the Prefecture of Karditsa exceeded 10%.

Loans totaled 65.3 million, increased by 1.7 million. The continuous rate of positive credit expansion (2.7% in 2017) confirms the intention of the bank's BoD to continue to finance the local economy. We note that this happened in a year when the repayment of loans granted in previous years through ETEAN (Hellenic Fund for Entrepreneurship and Development) (Entrepreneurship Fund (ΤΕΠΙΧ) program) and energy loans was continued. The above credit expansion could be higher if the new financial tools of ETEAN (Hellenic Fund for Entrepreneurship and Development) (ΤΕΠΙΧ 2 (Entrepreneurship Fund 2), FUND FOR ENERGY EFFICIENCY IN HOUSEHOLDS, etc.) were announced on time in 2017, something that is expected to happen in 2018.

An important place in our Bank's financial tools maintains that of microfinances. The Cooperative Bank of Karditsa, being the first Bank in Greece to sign an agreement with the European Investment Fund (EIF) to establish a microfinance portfolio under the EaSI program of the European Commission since 2016 , finances companies that are in the process of establishment or development of their activities and which have a problem with access to financing. Along with funding, enterprises have access to free business support and mentoring services provided by agencies such as Development Agency of Karditsa or KEPA (Business & Cultural Development Centre) - ANEM (Development Union of Macedonia). By the end of 2017, the Bank has incorporated 163 loans in this portfolio, amounting to 2.26 million euros, while it is worth noting the breach observed in them is 0.61%.

The percentage of non-performing loans (> 90 days) is 36%, significantly lower than the average of the banking system, with a clear decrease tendency, as recent figures show, even after the enhancement of the department with human resources.

Following the above, the ratio of loans to deposits was 80.51% compared to 85.48% in 2016.

Assets rose significantly to 95.73 million, the second highest since 2014 (99.22 million).

Subscriptions of new members are continuing at a high pace. In 2017, 851 new associates entered the bank so that the year ended with a total of 8,354 members holding 230,709 (compared to 244,227 in 2016) cooperative shares. The goal for 2018 is to exceed 9,000 members.

This is the third year in which our bank applies the International Financial Reporting Standards (IFRS) according to which the financial statements presented in the report, have been prepared.

Total operating income reached 2.92 million, showing signs of stabilization compared to 2016 (2.98 million).

Total expenses (of operation, administration, depreciations, etc.) increased (1.87 million in 2017 against 1.73 million in 2016) mainly due to extraordinary expenses (cadastre, POS etc.)

As a result of this, operating profits reached € 1.05 million, confirming for one more year the dynamic operational profitability of our bank.

Net profit after taxes and impairment losses (provisions) amounted to € 602,172 , recording a significant increase of 93.7% compared to 2016. This was despite the more than double the income tax recorded in the financial statements. To the above excellent result also contributed the efficient management of the portfolio, which resulted in a significantly lower need of provisions than in previous years (88% less provisions than in 2016).

The Bank's equity amounted to 13.00 million. (DTA 2.33 million or 18%) € increased by 6% compared to the previous year. This, together with the increase in membership, confirms the confidence of the local community in the banking institution of Karditsa.

The capital adequacy ratio was 18.74% at the end of 2017 (18.17% with IFRS 9). It is the highest CAR (Capital Adequacy Ratio) in the Greek banking system. The liquidity ratio (LCR) amounted to 196.52% almost twice the minimum required.

The results of 2017 and the continuing profitable financial years confirm the stability, dynamics and rising course of the Cooperative Bank of Karditsa.

The Board of Directors, in order to strengthen the bank and despite the continuous profitability, applies all these difficult years, a moderate dividend policy, as it is recommended by the circular of Bank of Greece.

However, these results, as well as the stabilization of the economic environment, allow us to propose to the General Assembly the distribution of a dividend to our partners for the year 2017 from the already taxed reserves.

The Board of Directors of the Bank applies transparently all modern corporate governance principles. It adapts directly to the requirements of the supervisory authorities and organizes the Bank executively and administratively, covering the institutional obligations as well as the increased operational needs resulting from the increase in size. It makes every effort to meet with consistency the expectations of members and customers.

The Cooperative Bank of Karditsa is the pioneer in Greece in the development of actions aiming at enhancing the real economy, stimulating the social economy, highlighting the productive structures of our region. The bank's executives and all the employees in the bank demonstrated for one more year, unparalleled zeal, consistency, diligence and willingness to develop. They are the ones who, together with the trust and the capitals of the members, keep the Cooperative Bank of Karditsa at a high level.

RISK MANAGEMENT

In the unstable environment of the Greek economy, of the BoD of the Cooperative Bank of Karditsa makes special efforts to limit the risks that may affect the value of the assets - liabilities (in and out of balance sheet) and hence the Bank's net worth.

The Board of Directors has overall responsibility for the development and supervision of the risk management framework, formulates the risk-taking and capital management strategy, in line with the Bank's business objectives, while assesses the effectiveness of its risk management policy as well as the adequacy of Equity, in relation to the amount and form of the risks undertaken. The risk management framework is continually evaluated and evolving, taking into account the Bank's historical data, market dynamics, compliance with supervisory requirements, and international best practices. To this end, the bank has established and operates a Risk Management Unit.

The Bank annually submits to the competent directorates of the Bank of Greece the Internal Capital Adequacy Process (ΔAEEK) where it analyzes quantitatively and qualitatively the means it uses to manage the individual risks and the future impact on its solvency (Capital Adequacy Ratio).

Credit Risk

Credit risk is the risk of financial loss that may arise from the potential breach of the contractual obligations of borrowers.

In order to better monitor and manage the loans, the Bank has proceeded, in accordance with the institutional framework, to the separation of funds, those managed by the Credit Directorate and those managed by the Delays Directorate.

The Credit Directorate evaluates and introduces the loans of all branches of the bank. For the evaluation of the borrowers of the business loans, the program of the company "Systemic R.M. S.A. creation & trading of software programs" The final decision for the approval or rejection of the funding has been assigned to four approval teams, depending on the amount of the loan.

In the context of enhancing the Credit Risk management, a change in the information flow of financing/renewal requests has been planned and implemented since 2017 with the active involvement of the Risk Management Unit with appropriate opinions.

The delayed receivables management is assigned to the delay department (Delays' Administrative Body) and the decision-making to the Delay Committee. The directorate of delays follows, among other things, the Code of Conduct and classifies borrowers into cooperative and non-cooperative.

The objective of the Delay Directorate is to find a viable solution for cooperative customers who cannot meet their obligations to the Bank and so improve the collectability and keep the delays ratio as low as possible.

Remaining Risk

The Bank receives coverings and collaterals against credit to customers, reducing total credit risk and securing repayment of loans. To this end, the Bank incorporates into its policy collaterals, the main ones being:

- Guarantees of the Greek State
- Collaterals on deposits
- Prenotations / Mortgages of real estates
- Bank Letters of Guarantee
- Collaterals on cheques
- Ceded receivables from H/P
- Guarantees of Greek, European Funds and Organizations

In order to examine the impact of the remaining risk on total credit risk, stress tests are conducted regularly.

Legal Risk

In our bank was established and operates a Legal Service, which is staffed by part-time legal consultants, responsible for the handling of all legal affairs of the Bank and its assistance in the cases of the Directorate of Delays and Intrusions.

Counterparty Risk

Our bank is not exposed to this risk.

Danger of concentration

Because of its small size and activity in a limited geographical area where a particular economic activity is developing, it shos high concentration rates per sector. However, in the last few years there has been an attempt of a greater dispersal with very satisfactory results.

Securitisation risk

Our bank has not implemented securitization programs

Market Risk
Our bank does not face a market risk because the strategy of all BoDs since its establishment is not to extend to products other than lending.

Liquidity risk
In order to minimize this risk, the BoD has chosen to always maintain higher cash than the required supervisory ones. This, of course, had a negative impact on the accounts, but it contributed in times of crisis not to face problems that would have an impact on the reputation of the bank. Now, the Bank manages this risk through an integrated liquidity monitoring framework (Internal Liquidity Adequacy Assessment Process - DAEER).

Operational Risk
The review of regulations and instructions to the staff for its better briefing has been established and continues. The staff is trained in new systems and procedures. Our bank uses modern software to support its operations and invests in its continuous improvement. The management information system (MIS) has evolved to give an immediate overview of all bank sizes, resulting in a rapid response to changing circumstances.
Additionally, a CRM platform is used to electronically monitor the storage of information and hypotheses.

Regulatory Compliance Risk
As part of the regulatory compliance of our bank, seminars on "prevention of money laundering and terrorist financing" have taken place from time to time. The cooperation of our bank mainly with members reduces the chances of unusual or suspicious transactions. The competent officers have prepared manuals accessible to all staff. For 2018, changes are planned at oan rganizational level that will enhance our Bank in managing this risk.

Capital Risk
The risk has to do with the level, structure and stability of the regulatory equity and whether they can absorb losses. The composition of Tierl consists of cooperative capital paid without the participation of innovative titles and hybrid elements reflecting the policy followed throughout the bank's operation.
The restriction under Law 4261/14 for the capital decrease over 2% significantly enhances the stability of the bank's Equity.
There is a satisfactory dispersion, taking into account the size and prefecture that the bank operates.

Dividend Policy - Provisions
The decisions of the Administration, over time, on the dividend policy to follow, are a mixture of financial and investment decisions. Whether the amount of the dividend will be distributed as well, varies according to the year. That is, the bank follows a circular dividend policy, with which the share-holders ultimately bear the entire risk of the activities that the enterprise undertakes.
The Administration through the exercise of the rational dividend policy has the purpose of offsetting among retained profits on one hand and avoiding tensions through disturbance of the reputation on the other.

Profitability Risk
The continued encumbrance on enterprises and households has an impact on the bank's data. The increased needs for provisions, the management of the problematic portfolio and the completion of the transition to IAS / IFRS had the expected impact on data (F) to (I). Profits of the period after taxes (Ecannotot be used for the distribution of dividend to partners this year.

DEVELOPMENT OF SIZES AND OTHER IMPORTANT INDICATORS (in thousands €)	2013	2014	2015	2016	2017
A) Net interest income	2,241.00	2,858.00	2,387.00	2,524.00	2,462.00
B) Net operating income from bank and non-bank operations	2,845.00	3,171.00	2,770.00	2,984.00	2,921.00
C) Profits before taxes and provisions	1,351.00	1,648.00	1,099.00	1,252.00	1,053.00
D) Profit before taxes	326.00	- 1,133.00	480,00	456,00	942,00
E) Profits after taxes	1,136.00	-873.00	563,00	311,00	602,00
F) Accounting Equity	16,500.00	10,782.00	11,661.00	12,261.00	13,007.00
G) Total Assets	92,828.00	99,229.00	83,051.00	87,795.00	95,655.00
H) Weighted Assets	81,568.00	57,989.60	56,892.56	61,429.19	63,271.00
I) Administrative Costs	1,385.00	1,522.00	1,672.00	1,599.00	1,734.00

DEVELOPMENT OF SIZES AND OTHER IMPORTANT INDICATORS	2013	2014	2015	2016	2017
1) Profits before taxes / Weighted Assets	0.40%	-1.95%	0.84%	0.74%	1.49%
2) Profits after taxes / Accounting Equity	6.88%	-8.10%	4.83%	2.54%	4.63%
3) Net interest income / Total Assets	2.41%	2.88%	2.87%	2.87%	2.57%
4) Net Operating Income / Weighted Assets	3.49%	5.47%	4.87%	4.86%	4.62%
5) Administrative Expenses / No. of Staff	€49.46	€46.12	€41.80	€45.69	€46.86
6) Administrative Expenses / Operating Income	48.68%	48.00%	60.36%	53.59%	59.36%

Objectives 2018

The Bank's key objectives for 2018 are:

- The management of delays, the reduction of which is a key priority of the Bank.
- The maintaince in high levels of the Bank's capital adequacy.
- The development of partnerships to attract capitals to make them available to the local economy and enhance healthy entrepreneurship.
- Further upgrading and expanding of e-banking services and expanding of the use of alternative means of communication and e-services by customers.
- Full implementation of IFRS 9 and the utilization of the expected credit loss estimation model.
- Adequate funding of the local economy, service of the partners and enhancement of the social economy enterprises.
- Promotion of the region's exports and support of the enterprises with extrovert features.
- Expansion of partnerships with the European Bank and the European Investment Fund for the financing of the local economy.
- Maintainance of a balanced growth rate between deposits and loans.
- Achievement of satisfactory liquidity, through deposits, as well as partnerships with other financial institutions.
- Development of greater cooperation with the Local Authorities of every grade and the productive operators of Karditsa and Prefecture of Thessaly.
- Further centralization of operations, while maintaining flexibility and constantly upgrading the quality of the services provided and customer service.

- Reduction of the operating costs and targeted support for structures following the best practices for bank shielding.
- Maintainance of the network of stores at the existing levels
- Achievement of partnerships with European Cooperative Banks and European Institutions for the exploitation of technology, capitals and organizational systems.

Non financial information

Environmental issues
The Bank recognizes its obligations towards the environment and the need to continuously improve its environmental performance so as to achieve a balanced economic development in harmony with the protection of the environment.

Due to its object, the Bank is not directly related to environmental pollution but undertakes an environmental policy day focusing on:

- Energy savings
- Constant raising staff awareness on environmental issues
- Saving paper consumption and taking measures for Recycling where required

Labor issues
a) The promotion of equal opportunities and the protection of diversity are basic principles of the Bank.
The Bank's Administration does not discriminate in recruitment / selection, wages, education, assignment of work duties or any other work activities. The factors that are exclusively taken into account are experience, personality, theoretical training, qualification, efficiency and ability of the individual. The Company encourages and recommends to all its employees to respect the diversity of each employee or supplier or customer of the Bank and not to accept any behavior that may create discriminations in any form whatsoever.

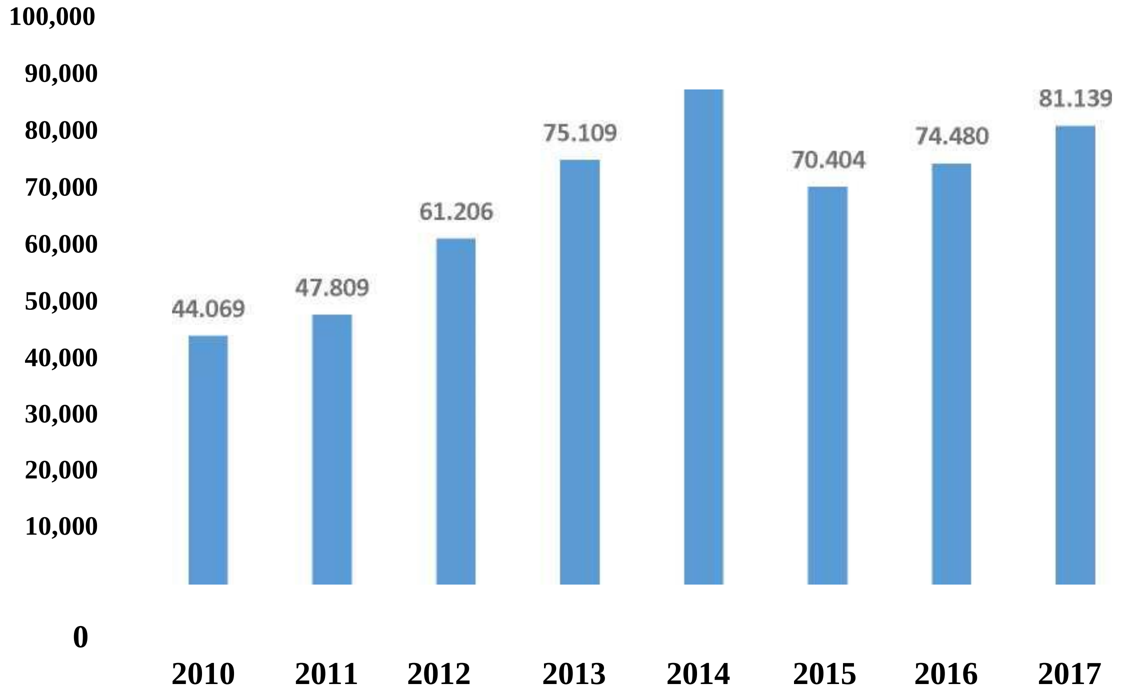
b) Health and safety at work
Health and safety at work for employees constitutes a top priority and a prerequisite for the operation of the Bank. The Bank maintains "first aid" materials in the workplace. The Bank has a "security technician" according to the applicable legislation.

c) Training systems, promotion mode, etc.
Selection and recruitment procedures are carried out on the basis of the qualifications required for the position and without-discriminations. The Bank systematically trains all the categories of its employees, either through "internal" or "external" seminars.

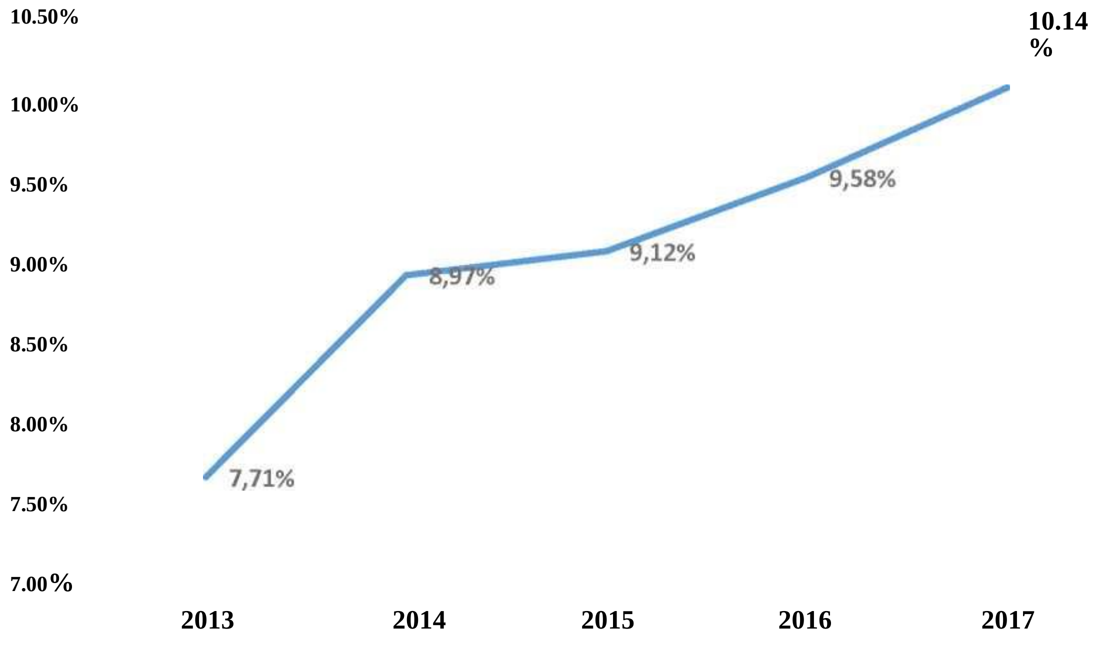
Evolution of Financial Sizes and Results for the Financial Year 2017

The financial statements for the financial year have been prepared in accordance with International Financial Reporting Standards (IFRS).

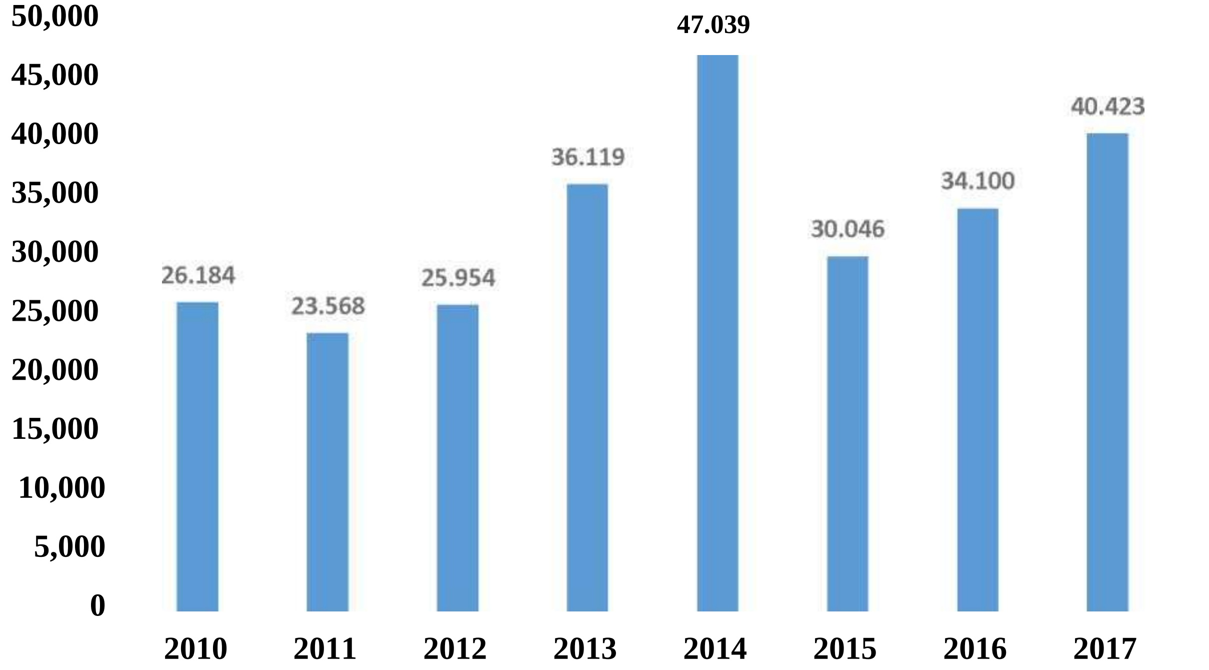
Deposits: The Bank's deposits on 31/12/2017 amounted to € 81,1 million from € 74,4 million on 31/12/2016, recording an increase of 8.9%.



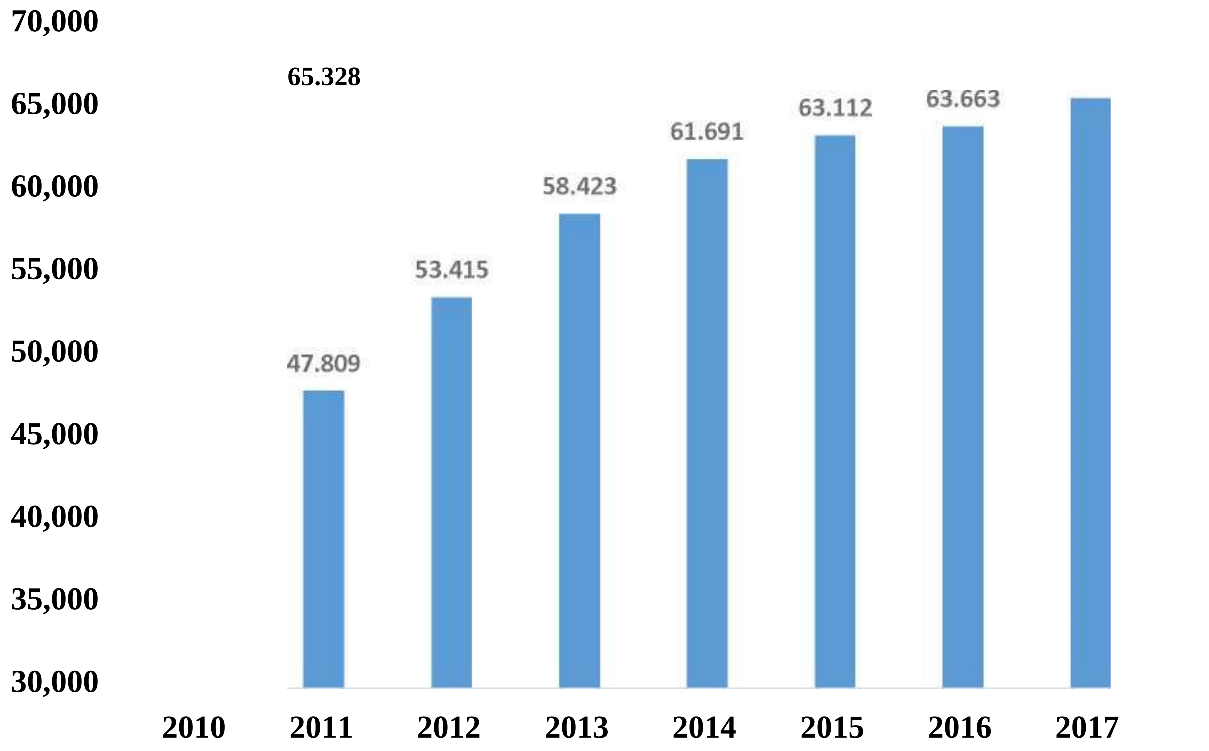
From the official data published by the Bank of Greece in terms of deposits per prefecture ,it occurs that the Bank's share grows in the Prefecture of Karditsa and in 2017 stood at 10.14%, sealing for one more year the confidence shown by members and customers to the Bank.



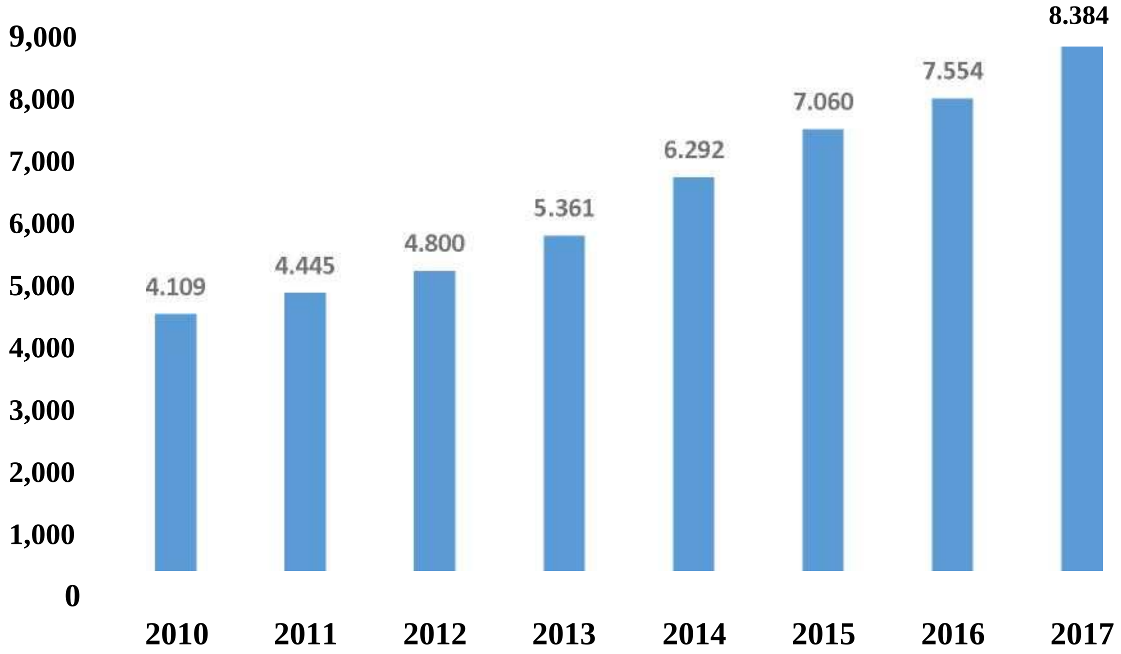
Cash equivalents: They consist of cash accounts, deposits to the Central Bank and deposits with credit institutions and amounted to 40.4 million euros in 2017 from 34,1 million euros in 2016 recording an increase of 18.5%.



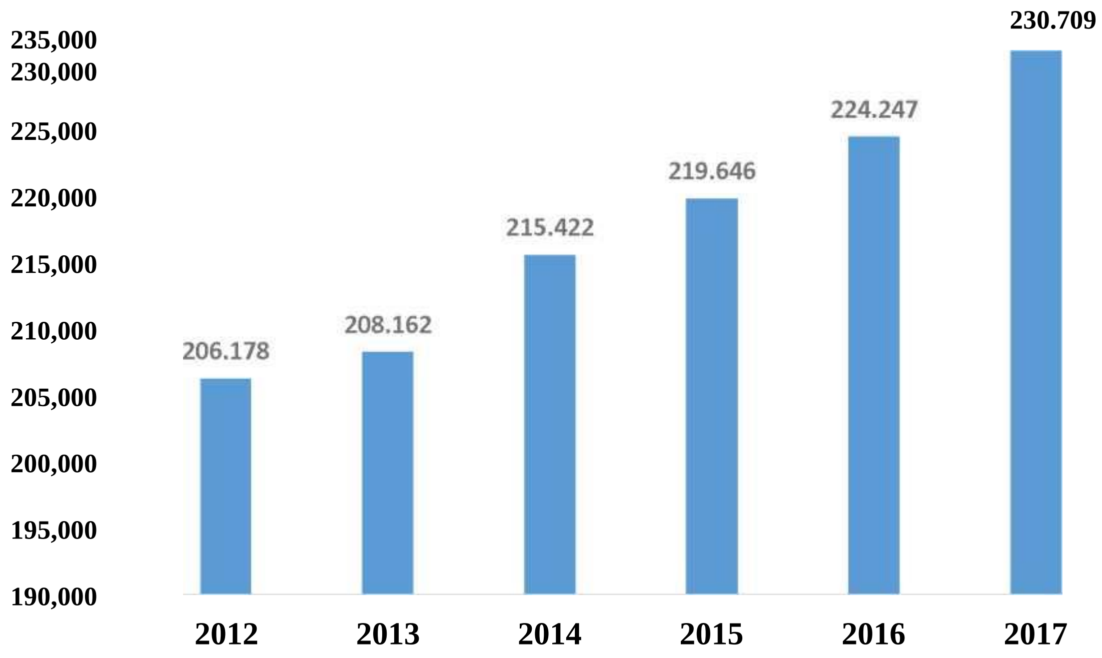
Loans: On 31/12/2017 the total loans and receivables of the Bank amounted to 65.3 million euros compared to 63.7 million euros in 2016, recording an increase of 3.0%.



Members: The number of Bank partners-members on 31/12/2017 reached 8,384, showing an increase of 830 new members or a percentage increase of 11% compared to 2016. Between 2010 and 2017 the number of members has steadily risen and the increase is 104%. Our objective now is to reach and surpass the 10,000 members.



Cooperative Shares: And in 2017 the cooperative shares grew by 6,462, showing an increase of 2.9%.



December 31, 2017 (all amounts expressed in Euros)

Equity: The Bank's equity amounted on 31.12.2017 to 13.01 million euros compared to 12.26 million euros the previous financial year.

As a result, the capital adequacy ratio rose to 18.74%, compared to 17.93% in 2016

	2017	**2016**
Cooperative capital	€8,536,233	€8,297,139
Premium from share issuance	€1,999,195	€6,731,847
Reserves	€1,932,615	€2,096,154
Retained accounts	€539,127	€(4,864,449)
Total Equity	**€13,007,170**	**€12,260,691**

Thus, the accounting rate of the cooperative share for 2017 is € 56.38 compared to € 54.68 in 2016, increasing by 3.11%

	2017	**2016**
Nominal value	€37.00	€37.00
Accounting share rate	€56.38	€54.68

Disclosure of Information of Article 6 Law 4374/2016

Information for the financial year 2017 according to the provisions of Law 4374/2016.

Article 6. Transparency in the relationships between credit institutions and media undertakings and subsidized persons.

Advertisements & other Projections

Company Name or Full Name	TOTAL 2017
AMVROSIOU GEORGIOS M. LTD	2,460.00
G. ALEXIOU & Co. S.A.	4,081.23
LEMAS EVAGGELOS	2,475.02
PLIROFORISI KARDITSAS S.A.	2,742.02
FILIPPOU PANAGIOTIS V.	1,136.68
Total of Advertisements - Registrations & Projections	12,894.95

Donations & Subsidies

Company Name or Full Name	TOTAL 2017
HOLLY METROPOLIS THESSALIOTIDOS AND FANARIOFERSALON	1,000.00
DIAMANTIS STEFANOS - PARALYMPIAN	1,582.00
PANHELLENIC CONFERENCE OF CLIMATE CHANGE	620.00
UNION OF CULTURAL ASSOCIATIONS OF KARDITSA	4,500.00
CHAMBER OF KARDITSA	2,000.00
POLITISTIKOS SYLLOGOS APANTACHOU MAGOY LITSIOTON	500.00
CONFECTIONERS' ASSOCIATION OF KARDITSA	500.00
OTHER DONATIONS	399.80
Total Donations & Subsidies	11,101.80
Grand Total	23,996.75
Payments to Legal Entities	22,014.95
Payments to Individuals	1,981.80

Exact copy of the Board of Directors'

minutes book

Karditsa, July 4, 2018

The Chairman of the Board of Directors

Georgios Boukis

B) Certified Public Accountant's Report

Certified Public Accountant's Report

To the Bank's partners

"Cooperative Bank of Karditsa LIMITED LIABILITY COOPERATIVES"

Audit report

Opinion

We have audited the attached financial statements of the"Cooperative Bank of Karditsa LIMITED LIABILITY " COOPERATIVE" (The Bank), consisted of the statement of Balance Sheet of 31st of December 2017, the statements of total income, changes in equity and cash flows for the financial year that expired on that date, as well as a summary of significant accounting principles and methods and other explanatory information.

In our opinion, the attached financial statements present fairly, in all material respects, the Bank's "Cooperative Bank of Karditsa LIMITED LIABILITY COOPERATIVE" financial position on December 31, 2017 and its financial performance and cash flows for the financial year that ended on that date in accordance with the International Financial Reporting Standards, as adopted by the European Union.

Base of opinion

We have conducted our audit in accordance with International Audit Standards, as integrated into the Greek Law. Our responsibilities, according to these standards, are further described in the paragraph of our report "Auditor's Responsibilities for the audit of financial statements". We are independent of the Bank throughout our appointment in accordance with the Code of Conduct for Professional Auditors of the Board of International Standards of Conduct of Auditors as incorporated in the Greek Law and the ethical requirements relating to the audit of financial statements in Greece and we have fulfilled our ethical obligations according to the requirements of applicable law and the above mentioned Code of Conduct. We believe that the audit evidence we have collected is sufficient and appropriate to provide a base for our opinion.

The most important audit issues

The most important audit issues are those matters that, in our professional judgment, were of paramount importance in our control over the financial statements of the current financial year. These issues and the associated risks of material inaccuracy have been addressed in the context of the audit of the financial statements as a whole, in order to formulate our opinion on them and we do not express a separate opinion on these matters.

1. Impairment of receivables from loans

The most important audit issue

On 31.12.2017 the Bank has carried out in total, a cumulative impairment of loans amounting to approximately € 16,144 thousand (2016: approximately € 16,020 thousand).

The amount of cumulative impairments represents approximately 25% of the total value of loan receivables.

The assessment of the impairment value of loans involves the application of significant estimates and judgments on the part of the Bank's management.

According to the Bank's policy, the management assesses its loan portfolio at an individual and collective level. Particularly in the case and only when there are objective indications as a result of one or more events (loss events) that have occurred since the initial recognition of the loan and these events affect the estimated future cash flows of the loan receivables and the effect of these may be reliably estimated, an impairment of the loan's value is recognized.

Due to the significance of the size of loan receivables in the financial statements, of the management's assessment process and the implementation of significant estimates and judgments related to the recoverable value of loans, we considered that loan provisions constitute a major area for the audit of the financial statements of "Cooperative Bank of Karditsa Limited Liabitity Cooperative".

Information on the Bank's accounting principles and policies on this issue, is presented in notes 3.3.2, 4.2.1. and 14 of the annual Financial Statements.

Troubleshooting of audit issue

The audit procedures we performed included the understanding and examination of the operational adequacy of the main internal controls applied by the management during the process of calculating the individual and collective impairments based on the data of the existing retail banking and business client portfolio.

In this context, we examined:

- the implementation of the internal control system implemented by the Management in accordance with the Bank's existing internal regulation of operation and the Bank's loan regulation
- the categorization of customers (borrowers) based on the special, as appropriate, characteristics of undertaking of credit risk and management of it according to the existing internal control system
- the procedure and methodology for determining the value of the collaterals received, their existence and the process of estimating/valuing them when determining the value of the impairments

In addition to the above, we conducted detailed and specific verification procedures of impairments on both individual (personalized) basis and on a collective basis, including the examination of the completeness of the loan folders kept and the completeness and accuracy of the exported data, through the information systems.

The procedures for substantive verifications of impairments on an individual (personalized) basis included the sampling test:

- of the adequacy of the impairments, assessing the assumptions used in accordance with the Bank's methodology, taking into account the collaterals received on a case-by-case basis and its reasonable value as well as the estimated cash flows and the recovery period.
- the ongoing updating of the borrower's individual data, the existence of the necessary renewal approvals of loan facilities in conjunction with the review of existing collaterals and the need to increase those collaterals, and the existence of approval decisions in relation to changes in contractual terms

The procedures for verifying impairments on a collective basis focused on assessing the reasonableness of the assumptions used by the Bank when applying the existing model of collective impairments. In this context, we assessed the accuracy of the categorization and grouping of borrowers, focusing mainly on loan regulations and evaluating the identified default probability, on an individual and collective basis, based on the historical elements of creditworthiness and credit behavior of the borrowers.

In addition, we evaluated the adequacy and appropriateness of the disclosures in notes 4.2.1. and 14 of the snnual Financial Statements.

2. Notification for the estimated effect from the application of IFRS 9

The most important audit issue

From 1.1.2018, the new standard IFRS 9 "Financial Means" is put into effect in replacement of the existing IAS 39, in accordance with which credit losses ar recognized, when they are expected to be realized (expected credit losses) and not when they have been realized. Also, the new standard brings about changes in the classification and measurement of financial assets.

The effects on the Bank by the implementation of the new standard mainly concern the amount of accumulated impairments of receivables by loans at the end of the reporting period. The impairment model that introduces the new standard follows a three-stage approach based on changes in the expected credit losses of financial assets and determines both impairment recognition and the recognition or not (non-recognition) of the financial income.

Because of the significant changes introduced by the standard, with regard to the measurement of expected credit losses, which requires the use of models, estimates and assumptions, assessment of the credit behavior and the incorporation of proactive information as well as the magnitude of the effect and complexity in the process of its implementation, the major crises and changes required in the Bank's policies and procedures and information systems, we considered the information disclosed in note 30 of the Annual Financial Statements in relation to the estimate of the effect of the implementation of IFRS 9 as an important issue.

Troubleshooting of audit issue

In assessing the estimated impact of the implementation of IFRS, 9, we focused on the policies, methodology and assumptions applied by the Bank's Management in order to estimate the amount of expected credit losses and in particular we assessed:

- The business model adopted by the Bank to identify possible changes in classification and measurement of them, for the evaluation of which the Bank has taken into account its policies and objectives, its operational model and how to manage the relative risks,
- the correctness of the classification of credit exposures according to the applied methodology,
- The reasonableness of the assumptions on which management was based when creating the model used to calculate the expected credit losses,
- The process of calculating the expected credit losses and the reasonableness of the results of the calculations, according to the classification of financial assets and the assumptions used to determine the probability of default, including the incorporation of macroeconomic data such as the expected unemployment rate and the expected change in GDP,
- The effect of the Bank's integration in the transitional provisions laid down in the EU Regulation 2017/2395/12.12.2017, for the within five years gradual recognition of the impairments of IFRS 9 in the supervisory equity.

Based on the above, we evaluated the completeness and accuracy of the notifications mentioned in note 30 of the Annual Financial Statements, regarding the estimated effect of the implementation of the IFRS 9.

Other information

The administration is responsible for the other information. The other information is included in the Management Report of the Board of Directors, which is referred to in the "Report on Other Legal and Regulatory Requirements", in the Statements of the Members of the Board of Directors but does not include the financial statements and the audit report thereon.

Our opinion on the financial statements does not cover the other information and we do not express through this opinion any form of assurance conclusion on them.

Regarding our audit of the financial statements, it is our responsibility to read the other information and thus to examine whether the other information is materially inconsistent with the financial statements or knowledge that we acquired during the audit or otherwise appear to be fundamentally incorrect. If, on the basis of the work we have done, we come to the conclusion that there is a material error in this other information, we are obliged to report this fact. We have nothing to report about this issue.

Responsibilities of the management and those responsible for governance on the financial statements.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the IFRS, as adopted by the European Union, as well as for those internal controls that the management defines as necessary to enable the preparation of financial statements that are free from substantial faults, whether due to fraud or error.

When preparing the financial statements, the management is responsible for assessing the Bank's ability to continue its operation, disclosing where relevant the matters relating to the continuing activity and the use of the accounting basis of the continuing activity, unless the management either intends to liquidate the Bank or discontinue its activity or has no realistic alternative than to proceed with these actions.

The Bank's Audit Committee (article 44 of Law 4449/2017) of the Bank is responsible for supervising the Bank's financial reporting process.

Auditor's responsibilities for the audit of financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole , are free of any material faults, whether due to fraud or error, and to issue an auditor's report that includes our opinion. The reasonable assurance constitutes a high level of assurance, but it is not a guarantee that the audit carried out in accordance with the International Audit Standards as incorporated into the Greek Law will always detect a material error when it exists. Faults may result from fraud or error and are considered essential when individually or collectively could reasonably be expected to affect the economic decisions made by users based on these financial statements.

As a duty of the audit, according to the International Audit Standards, as incorporated in the Greek Law, we exercise a professional judgment and maintain a professional skepticism throughout the audit. Also:

- We identify and assess the risks of material fault in the financial statements, whether due to fraud or error, by designing and performing audit procedures that correspond to those risks, and we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of failing to detect a material fault due to fraud is higher than that due to error, as fraud may involve collusion, forgery, deliberate omissions, false assurances, or bypassing of internal controls.
- We understand the internal controls that are related to the audit, in order to develop audit

procedures appropriate to the circumstances, but not to form an opinion on the efficiency of the Bank's internal controls.

- We evaluate the appropriateness of the accounting principles and methods used and the reasonableness of the accounting estimates and relative disclosures made by Management.
- We adjudicate the appropriateness of management's use of the going concern accounting basis and based on the audit evidence obtained about whether there is a material uncertainty about events or circumstances that may indicate significant uncertainty as to the Bank's ability to continue its activity. If we conclude that there is material uncertainty, we are obliged to draw the attention in the auditor's report to the disclosures of the corporate financial statements or whether these disclosures are insufficient to differentiate our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Bank to cease to operate as a continuing activity (going concern).
- We assess the overall presentation, structure and content of the financial statements, including disclosures, as well as whether the financial statements depict the underlying transactions and events in a manner that the fair presentation is achieved.

Among other issues, we communicate to the persons responsible for the governance, the planned scope and schedule of the audit, as well as significant audit findings, including any material deficiencies in internal control that we identify during our audit.

In addition, we declare to those responsible for the governance that we have complied with the relevant ethical requirements on independence, and we communicate to them all the relationships and other matters that may reasonably be considered to affect our independence and the relevant protection measures, where appropriate.

Of the issues that have been communicated to those responsible for the governance, we set out those issues that were of paramount importance to the audit of the financial statements of the current period and are therefore the most important issues of control.

<u>Report on Other Legal and Regulatory Requirements</u>

1. Management Report of the Board of Directors

Taking into account the fact that the management is responsible for the preparation of the Board of Directors' Management
Report under the provisions of paragraph 5 of article 2 of Law 4336/2015 (part B), we note that:

a) In our opinion, the Management Report of the Board of Directors has been prepared in accordance with the applicable legal requirements of articles 43a and 107A of Codified Law 2190/1920 and its content corresponds to the attached financial statements for the financial year that expired on 31/12/2017.

b) Based on the knowledge we acquired during our audit, for the Bank "Cooperative Bank of Karditsa Limited Liability Cooperative" and its environment, we have not identified substantial inaccuracies in the Management Report of the Board of Directors.

2. Supplementary Report to the Audit Committee

Our opinion on the accompanying financial statements is consistent with our Supplementary Report to the Audit Committee of the Bank provided for in Article 11 of the European Union (EU) Regulation no. 537/2014.

3. Provision of Non-Auditing Services

We did not provide the Bank with non-auditing services prohibited in accordance with Article 5 of the European Union (EU) regulation no. 537/2014 or permitted non-auditing services.

4. Appointment of Auditor

We were appointed for the first time as Certified Public Accountants of the Bank by the decision of the Annual Regular General Meeting of its members dated 27/4/1998. Since then, our appointment has been continuously renewed for a total period of 19 years, based on the annual decisions of the regular general meeting**.**

Athens, June 06, 2018

KONSTANTINOS L. TAKIS

Certified Public Accountant
Institute of Certified Public
Accountants (SOEL) Reg. No. 15221

SOL (Certified Public Accountants)Crowe SOL

C E R T I F I E D P U B L I C A C C O U N T A N T S

Associate Certified Accountants S.A.
Member of Crowe Horwath International
3, Fok. Negri, 11 257 Athens
Institute of Certified Public Accountants (SOEL) Reg. No.
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C) Annual Financial Statements in Accordance with IFRSs

Contents of financial statements

Comprehensive income statement

December 31, 2017 (all amounts expressed in Euros)

	Note	1/1-31/12/2017	1/1-31/12/2016
Interest and similar income		3,553.166	3,625,906
Interests and similar expenses		(1,091,482)	(1,101,556)
Net interest income	**6**	**2,461.684**	**2,524,351**
Income from commissions		722,731	539,120
Expenses from commissions		(308,088)	(131,772)
Net income from commissions	**7**	**414,643**	**407,348**
Other income		44,975	52,595
Total income		**2,921,301**	**2,984,294**
Personnel wages and expenses	**8**	(1,026,211)	(1,015,268)
Amortizations	**16,17**	(133,595)	(132,360)
Other operating expenditure	**9**	(717,644)	(584,301)
Total operating expenses before provisions and impairments		**(1,877,450)**	**(1,731,929)**
Profits before provisions, impairments and taxes		**1,043,852**	**1,252,365**
Impairment of loans	**14**	(85,567)	(761,021)
Other impairment losses	**10**	(15,807)	(35,541)
Profits/ (Losses) before taxes		**942,478**	**455,803**
Income tax	**11**	(340,306)	(144,953)
Profit / (Losses) for the financial year		**602,172**	**310,850**
Other total income net of taxes			
Items not reclassified later in the results			
Remeasurement of defined benefit plans	**22**	12,336	
Aggregate total income of the financial year		**614,509**	**310,850**

The notes on pages 28 to 77constitute an integral part of these financial statements.

December 31, 2017 (all amounts expressed in Euros)

Balance Sheet

	Note	31/12/2017	31/12/2016
Assets			
Cash and Availables in the Central Bank	**12**	5,187,344	5,177,165
Receivables from credit institutions	**13**	35,235,473	28,899,819
Loans and receivables from customers	**14**	49,126,431	47,642,722
Portfolio of investment securities	**15**	1,405,340	1,389,697
Tangible assets	**16**	448,684	356,572
Intangible assets	**17**	117,667	84,931
Deferred tax assets	**18**	2,334,044	2,388,363
Other Assets	**19**	1,800,362	1,855,696
Total assets		**95,655,344**	**87,794,964**
Liabilities			
Liabilities to customers	**20**	81,138,607	74,479,570
Provisions for other liabilities and expesnses	**21**	165,000	155,000
Provision liabilities to employees after retirement	**22**	107,973	114,241
Current tax liabilities		151,936	55,193
Other Liabilities	**23**	1,084,657	730,270
Total Liabilities		**82,648,174**	**75,534,274**
Equity			
Cooperative capital	**24**	8,536,233	8,297,139
Premium from share issuance	**24**	1,999,195	6,731,847
Reserves	**25**	1,932,615	2,096,154
Retained account		539,127	(4,864,449)
Total Equity		**13,007,170**	**12,260,691**
Total of Equity Funds and Liabilities		**95,655,344**	**87,794,964**

The notes on pages 28 to 77constitute an integral part of these financial statements.

December 31, 2017 (all amounts expressed in Euros)

	Note	Cooperative capital	Premium from share issuance	Reserves	Retained accounts	Total Equity
Balance on January 1, 2016		**8,126,902**	**6,625,892**	**2,071,434**	**(5,163,329)**	**11,660,898**
Profit for the financial year					310,850	310,850
Aggregate total income for the financial year		**-**	**-**	**-**	**310,850**	**310,850**
Changes in reserves				11,970	(11,970)	-
Increase of cooperative capital	**24**	170,237	105,956	12,750		288,943
Decrease in share capital						-
Balance on December 31, 2016		**8,297,139**	**6,731,847**	**2,096,154**	**(4,864,449)**	**12,260,691**

	Note	Cooperative capital	Premium from share issuance	Reserves	Retained accounts	Total Equity
Balance on January 1, 2017		**8,297,139.00**	**6,731,847**	**2,096,154**	**(4,864,449)**	**12,260,691**
Other comprehensive income	**23**			12,336		12,336
Profit for the financial year					602,172	602,172
Aggregate total income for the financial year		**-**	**-**	**12,336**	**602,172**	**614,509**
Changes in reserves				26,922	(26,922)	-
Capitalization at a premium	**24**	4,864,449	(4,864,449)		(34,538)	(34,538)
Capitalization of retained losses	**24**	(4,864,449)			4,864,449	-
Distribution to partners	**29**			(224,072)		(224,072)
Increase of cooperative capital		271,173	146,580	21,275	(1,586)	437,442
Decrease of cooperative capital		(32,079)	(14,783)			(46,862)
Balance on December 31, 2017		**8,536,233**	**1,999,195**	**1,932,615**	**539,127**	**13,007,170**

Statement of Changes in Equity

The notes on pages 28 to 77constitute an integral part of these financial statements.

December 31, 2017 (all amounts expressed in Euros)

Statement of cash flows

	Note	1/1-31/12/2017	1/1-31/12/2016
Cash Flows from Operational Activities **Profit / (Losses) before taxes**		**942,478**	**455,803**
Adjustments for non-cash items: Amortizations	**16,17**	133,595	132,360
Impairment of loans	**14**	95,120	761,021
Other impairment losses	**10**	15,807	35,541
Provisions for personnel compensation	**22**	11,107	11,463
		1,198,107	1,396,188
Net (increase) / decrease of Assets **related to continuing operating activities:** Loans and receivables from customers		(1,578,829)	(585,823)
Other Assets		39,528	(16,530)
		(1,539,301)	(602,353)
Net (increase) / decrease of Assets **related to continuing operating activities:** Liabilities to customers		6,659,038	4,017,307
Other Liabilities		354,388	60,457
		7,013,425	4,077,764
Net cash flows from operating activities **before taxes**		**6,672,231**	**4,871,598**
Paid up Income Tax		(184,283)	(46,870)
Net cash flows from operating activities		**6,487,948**	**4,824,728**
Cash flows from Investment Activities Sales of tangible fixed assets (Purchases)/Sales of investment securities		(15,643)	(1,049,143)
Purchase of tangible and intangible fixed assets		(258,443)	(41,444)
Net cash flows from investment activities		**(274,086)**	**(1,090,587)**
Cash Flows from Financing Activities Dividends distribution	**29**	(224,072)	
Net increase of cooperative capital	**24**	356,043	288,943
Net cash flows from financing activities		**131,971**	**288,943**
Net increase/(decrease) in cash and **cash equivalents of the financial year**		**6,345,833**	**4,023,084**
Cash and cash equivalents at the beginning of the financial year		34,076,983	30,053,899
Cash and cash equivalents at the end of the financial year	**12,13**	**40,422,817**	**34,076,983**

The notes on pages 28 to 77constitute an integral part of these financial statements.

December 31, 2017 (all amounts expressed in Euros)

Notes on financial statements

1. General Information

The COOPERATIVE BANK OF KARDITSA LIMITED LIABILITY COOPERATIVE (hereafter referred to as "Bank" or "COOPERATIVE BANK OF KARDITSA" was established in Greece in 1994, operates as a credit institution and is registered in GCR with the number: 122314731000. The Bank's headquarters are located in Karditsa of the Prefecture of Karditsa, in Kolokotroni and Taliadourou street, Mall of Karditsa, PC 43132. The Bank's online address is http://www.bankofkarditsa.gr.

With the constituent assembly dated on 28.3.94 was established according to the provisions of Law 1667/1986 as a purely credit cooperative under the name "CREDIT GROWTH COOPERATIVE OF KARDITSA Limited Liability Cooperative" whose articles of association were registered in the Registry of Cooperatives of the Magistrate's Court of Karditsa with the Deed under no. 289/95 of the Magistrate in Karditsa and with registration number 19/5.4.1994. By decision of the Banking and Credit Committee of the Bank of Greece (meeting 607/26.01.98) published in the Government Gazette (GG A 74), a credit institution operating license was authorized to the Credit Growth Cooperative of the Prefecture of Karditsa under the name "Cooperative Bank of Prefecture of Karditsa Limited Liability Cooperative".

With the decision of the General Assembly dated 11.06.2009, it was decided to change the name from "Cooperative Bank of Prefecture of Karditsa Limited Liability Cooperative" to "Cooperative Bank of Karditsa Limited Liability Cooperative".

The COOPERATIVE BANK OF KARDITSA has been operating since 1998 as a credit institution, mainly within the frames of the Prefecture of Karditsa. It allocates the following stores and safe-deposit box:

-Central Store in Karditsa

-Safe deposit box of Palama of Pref. of Karditsa

-Safe deposit box of Mouzakiou of Pref. of Karditsa

-Safe deposit box of Sofadon of Pref. of Karditsa

The main purpose of the cooperative according to its Articles of Association constitutes, through the combination of the efforts and cooperation of its members, the service and promotion of these economic, social and cultural aspirations and interests. The cooperative is credit and its purpose is financial, aiming at improving and protecting industry and craft, trade, agriculture, livestock and fishery and generally all branches of economic activity.

The Bank's purpose also includes banking operations, which are subject to the Bank's of Greece decisions, as they are in force every time.

1.1 Board of Directors

The composition of the Bank's Board of Directors is as follows:

CHAIRMAN-LEGAL REPRESENTATIVE	Georgios Mpoukis	EXECUTIVE MEMBER
A' VICE CHAIRMAN	Thomas Deligiannis	EXECUTIVE MEMBER
B' VICE CHAIRMAN	Aristotelis Milonas	NON EXECUTIVE MEMBER
CASHIER	Apostolos Kandilas	NON EXECUTIVE MEMBER
SECRETARY	Orestis Psachoulas	EXECUTIVE MEMBER
DEPUTY CASHIER	Georgios Papakostas	EXECUTIVE MEMBER
DEPUTY SECRETARY	Konstantinos Gaitanidis	NON EXECUTIVE MEMBER
MEMBER - EXECUTIVE GENERAL DIRECTOR	Panagiotis Tournavitis	EXECUTIVE MEMBER
MEMBER - EXECUTIVE GENERAL DIRECTOR	Charalampos Fillos	EXECUTIVE MEMBER

The term of the Board of Directors expires in November 2019.

1.2 Approval of Financial Statements

The annual financial statements have been approved by the Bank's Board of Directors on June 4, 2018 and are subject to the approval of the Regular General Meeting of shareholders.

2 Basis of presentation

The current financial statements and include the annual financial statements of the COOPERATIVE BANK OF KARDITSA, for the financial year that ended on December 31, 2017 and have been prepared in accordance with the International Financial Reporting Standards (hereinafter "IFRS") as these have been adopted by the European Union.

The financial statements have been prepared on the basis of the historical cost principle and the going concern.

The preparation of financial statements in accordance with IFRS requires the use of certain significant accounting estimates and management's judgment in the process of applying the accounting principles. It also requires the use of calculations and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent requirements and liabilities at the date of the financial statements and the reported amounts of income and expense during the year under report. Despite the fact that these calculations are based on Management's best knowledge in relation to the current conditions and actions, the actual results may ultimately differ from these calculations. Areas that concern complex transactions and involve a high degree of subjectivity, or assumptions and estimates that are significant to the financial statements are disclosed in note 5.

2.1 Continued operation

The successful completion of the second evaluation of the Third Financial Stability Program, which took place in June 2017, resulted in the release of the loan installment of € 8.5 billion and the agreement of Greece with the European institutions at a technical level, that was realized at the beginning of December 2017 (4.12.2017), and concerned a package of structural and financial measures under
the third assessment.

The fact that in early 2018 Greece responded successfully to the implementation of the pre-requisite measures, resulted through the above agreement, in the release in March 2018 of the first sub-tranche of the loan amounting to 5.7 billion while the release of the second sub-tranche of the loan
of € 1 billion, which is subject to a positive assessment by the European institutions, on the evolution of the reduction of the State's due obligations to the private sector and the efficiency of the electronic auctions is expected to be approved by the European Stability Mechanism (ESM) in the near future.

In line with the previous developments, as previously mentioned, the forecasted successful completion of the current fourth evaluation by the end of June 2018, is expected to have a positive impact on the increase of the rate of domestic investments through funding by the European Union and on the creation of job vacancies based on this reason, but also on the attraction of new investment capitals from the domestic and international market and on the restoration in general of the confidence in the Greek economy, important conditions for its return to development.

However, there are still some uncertainty factors that are mainly related to delays in the implementation of the reforms agreed with the institutions, to the uncertainty surrounding the country's relations with the institutions after the successful completion of the economic stabilization program, to the uncertainty about the opportunity to attract domestic and international capital as quickly as possible and thereby improve the working climate by increasing job vacancies and reducing the current high unemployment rate.

here is also uncertainty as to when it will be possible to completely remove capital controls, which is expected to have a positive effect on the general economic climate and economic activity, with an increased likelihood of returning capitals to domestic economy, while the uncertainty regarding the management of non-performing loans and wether the timely, substantial and effective treatment of them is considered to be significant.

However, it is noted that, despite the prevailing adverse economic conditions, the Bank maintains a high capital adequacy ratio and a satisfactory liquidity ratio (note 4.2.3 and 4.3). It should also be noted that the above key indicators are taking place at satisfactory levels and after taking into account the estimated impacts of the implementation of IFRS 9 dated on 1.1.2018 (note 30).

It is further noted that in the A' half of 2015, mainly as a result of the prolonged period of the country's negotiations with the institutions, the uncertainty was greatly increased and the depositors withdrew a large part of their deposits at the credit institutions, leading to the compulsory bank holiday and the imposition of capital controls. These outflows have led to the creation of dependency conditions in the Emergency Liquidity Assistance (ELA), in most credit institutions and mainly in the major banks in the country, as well as in the major banks in the Cooperative Banks sector. Despite these circumstances and until today, the Bank did not need to be funded by ELA since it held a significant amount of liquidity, mainly through its deposits to other Banks, in sight and forward accounts.

The Bank closely monitors these risks and their impact on its activity, in order to amend its business strategy or financial policy where appropriate. In this context, an important positive development is the signing, in the previous financial year, of an agreement between the Bank and the European Investment Fund, which provides for the provision of guarantees from the Fund in order to create a portfolio of microfinances in characterized small companies with financing amount per borrower of € 25 thousand and up to the total financing amount of € 5 million. Loans to be granted with Bank capitals will be guaranteed by 80% by the European Investment Fund. In the financial year 2017, the financing of small enterprises continued successfully, within the framework of the above, which also contributed proportionally to the increase in the Bank's mobility ratio of fundings.

The Board of Directors, taking into account the above factors, considers that the Bank's financial statements can be prepared based on the going concern principle.

2.2 New standards and interpretations

2.2.1 New Standards and amendments adopted by the Bank

The Bank applied for the first time certain standards and amendments, which are mandatory for the current financial year 2017. The Bank has not earlier adopted any other standard, interpretation or amendment that has been issued but is not of mandatory implementation for the current financial year 2017.

The nature and impact of any new standard or amendment related to the Bank's operations is described below, although these new standards and amendments that were for the first time implemented in 2017 had no impact on the Bank's annual financial statements.

Amendments to IAS 7 Statement of Cash Flows: Initiative of Notification

In January 2016, the Board of Directors amended IAS 7 to oblige entities to provide additional disclosures that allow users of financial statements to assess the changes in liabilities arising from financing activities. The amendments have no impact on the Bank's financial statements.

Amendments to IAS 12 Income taxes: Recognition of deferred tax receivables for unrealized losses

Through the amendments to IAS 12 it is noted that reduction below the cost of the accounting value of a fixed interest rate debt security measured at fair value while its tax base is the cost, leads to a deductible temporary difference and hence to the recognition of a deferred tax receivable. An issue that is also clarified according to the amendment is how to determine future taxable profits against which deductible temporary differences will be offset so as to assess whether or not a deferred tax receivable should be recognized. In addition, when an economic entity assesses whether taxable profits will be available in the future against which it may use a deductible temporary difference, it examines whether the tax legislation restricts the sources of taxable profits against which tax deductions may be realized. The amendments have no impact on the Bank's financial statements.

2.2.2 Standards and Interpretations are mandatory for subsequent periods that have not been applied earlier by the Bank

The following new standards, amendments to standards and interpretations have been issued, are related to the Bank's activity but are mandatory in subsequent periods. The Bank has not applied the following standards earlier and studies their impact on the financial statements.

Amendments to IAS 19 Employee Benefits: Plan modification, curtailment or settlement

IAS 19 Employee Benefits determines how a Bank accounts for a defined benefit plan. When a change is made to a plan - modification, curtailment or settlement - IAS 19 requires a Bank to reassess the net liability or defined benefit asset. The amendments require a Bank to use the updated assumptions from this reassessment to determine the current service cost and net interests for the rest of the reporting period after the change of the plan. Until now, IAS 19 did not specify the way these costs were determined for the period after the plan change. By requiring the use of updated assumptions, the amendments are expected to provide useful information to the users of the financial statements. The amendments apply to annual periods beginning on January 1, 2019, they have not yet been adopted by the European Union and will have no impact on the Bank'sfinancial statements

Amendments to IAS 40 Property Investments: Transfer of Investments to properties

The amendment clarifies that the transfer of a property, including a property under construction or development, inside or outside of property investments, should only take place when a change in the use of the property occurs. This change in use occurs when the property meets or ceases to meet the definition of investment in property and should be documented. The amendments apply to annual periods beginning on January 1st, 2018 and they will have no impact on the Bank's financial statements.

Amendments to IFRS 2 Benefits that depend on the value of shares: Classification and measurement of the transactions that are based on the value of shares

The amendments clarify the effects of vesting conditions on the measurement of benefits that depend on the share value and are settled in cash, the accounting treatment of the deductible tax liability for the benefits that depend on the value of shares and the accounting treatment of amendments to agreements of benefits depending on the value of shares. The amendments to IFRS 2 are effective for annual periods beginning on January 1st,
2018 and will not have any impact on the Bank's financial statements as the Bank does not have, nor does it intend to offer any benefit plans that depend on the value of its shares.

Amendments to IFRS 4 insurance policies: Applying IFRS 9 financial means with IFRS 4 insurance policies

IFRS 4 was amended by offering two options for the application of IFRS 9, until January 1st, 2021, when the new standard for insurance policies, IFRS 17 is set into force. The first option offers an overlay approach to the presentation of the statement of comprehensive income and the second concerns the temporary exemption from the application of IFRS 9.

This exemption is only available to entities whose activities are mainly related to insurance. Entities that postpone the application of IFRS 9 will continue to apply the existing IAS 39 standard for financial means.

The amendments of IFRS 4 apply to annual periods beginning on January 1st, 2018 and they will have no impact on the Bank's financial statements.

IFRS 9 Financial Means

The new standard sets out the principles for the recognition and measurement of financial assets, financial liabilities and some contracts for the purchase or sale of non-financial assets. The standard will replace the existing IAS 39. Financial assets are measured at amortized cost, at fair value through profit or loss, or fair value through other comprehensive income, based on the entity's business model for the management of financial assets and the contractual cash flows of financial assets. In addition to the entity's credit risk, the classification and measurement of financial liabilities has not changed in relation to the existing requirements. IFRS 9 introduces a new impairment model for financial assets, that of the expected credit losses. The standard also introduces significant changes to the hedge accounting model.

IFRS 9 is obligatorily for annual accounting periods beginning on or after January 1, 2018.

The estimated impact from the application of IFRS 9 on the Bank's financial statements is mentioned in note 30.

Amendments to IFRS 9 Financial Means: Features of Prepayment with Negative Compensation

On October 12, 2017, the IASB adopted the amendment to address concerns regarding the way IFRS 9 *Financial Means* classifies certain pre-paid financial assets. In addition, the IASB clarifies an aspect of the accounting of financial liabilities after an amendment. The amendments apply to annual periods beginning on January 1st, 2019 and they will have no impact on the Bank's financial statements.

IFRS 15 Revenue from contracts with customers

IFRS 15 determines the revenue recognition requirements applicable to all contracts with customers, except for the contracts that are within the scope of the standards that concern financial means, leases and insurance policies. IFRS 15 replaces the previous income-related standards (and interpretations).

The standard provides a single five-step model, which should be applied to all customer contracts for revenue recognition. In addition, the entity will recognize as an asset the incremental cost of securing a contract with a customer provided that it estimates that it will recover the cost in question. IFRS 15 requires extensive disclosures, both quantitative and qualitative, so that the users of the financial statements are able to understand the nature, amount, time and uncertainty of income and cash flows arising from contracts with customers.

IFRS 15 is of obligatory implementation for the annual accounting periods beginning on or after January 1, 2018. The Bank is currently examining the impact of IFRS 15 on the financial statements, but its adoption is not expected to have a significant impact on the financial statements.

Amendements to IFRS 15 Revenue from contracts with customers

Amendments to IFRS 15 do not change the basic principles of the standard but clarify the way some of these principles should be applied. The amendments clarify how an obligation of implementation (the promise of transferring a good or service to a customer) to a contract is determined, how it is determined whether a Bank is the principal (provider of a good or service),
or the agent (responsible for the settlement of the delivery of the good or service). It is also determined if the revenue from the grant of a license should be recognized immediately or over time. In addition, more exemptions are granted in the first application of the standard in order to reduce the cost and complexity. The amendments apply for annual periods beginning on January 1st, 2018.

IFRS 16 Leases

The new standard determines the principles for the recognition, measurement, presentation and disclosure of leases for the lessee and the lessor. With the implementation of the new standard the IAS 17 *Leases* and the interpretations Non-Performing Loans 15*Operating leases - Incentives,*Non-Performing Loans 27 *Estimate of the substance of transactions that involve the legal form of the lease* and IFRIC 4 *Determination of whether an agreement involves a lease.*

The model adopts a single model of accounting treatment of leases by the lessee. According to this, the lessee in a lease is required to recognize in the statement of financial position assets and liabilities for all the leases of more than twelve months, unless the asset is of low value and depreciation with a financial expense, during the lease in the statement of comprehensive income. The lessor continues to categorize the operating and financial leases, and to follow a different accounting treatment for each type of contract. The standard also requires extensive disclosures in the lessee's financial statements.

IFRS 16 is of obligatory application for annual periods beginning on or after January 1, 2019 and has not yet been adopted by the European Union. The Bank is in the process of assessing the impact of IFRS 16 on its financial statements although it is not expected to be significant due to the low value of the lease contracts it has concluded.

IFRS 17 Insurance Policies

IFRS 17 replaces IFRS 4, which was introduced as a provisional Standard in 2004.

IFRS 17 resolves the comparability problems created by IFRS 4. The new standard requires that all insurance policies be accounted for in a consistent manner, for the benefit of both investors and insurance companies. Insurance liabilities will be accounted for on the basis of the current values instead of historical cost. The information will be updated regularly, providing more useful information to the users of the financial statements.

IFRS 17 is of obligatory application for annual periods beginning on or after January 1, 2021 and will not have an impact on the financial statements of the Bank.

IFRIC 22 Transactions in foreign currency and advances

The Interpretation clarifies which exchange rate should be used in transactions involving a foreign currency advance that is paid or received. The Interpretation is applied obligatorily to annual periods beginning on January 1st, 2018 and they will have no impact on the Bank's financial statements.

IFRIC 23 Uncertainty regarding the handling of income tax

It may be unclear how the tax law applies to a particular transaction or circumstance or whether the tax authority will accept a tax treatment of the Bank. IAS 12 *Income Taxes* determines the way of calculating the current and deferred tax but not how to respond to the impacts of an uncertainty. The Interpretation 23 provides requirements that add to the requirements of IAS 12, by determining how to respond to the impact of an uncertainty in the income tax accounting. The Interpretation applies obligatorily to annual periods beginning on January 1, 2019, it has not yet been adopted by the European Union and will have no impact on the Bank's financial statements

Annual Improvements of IFRS, Cycle 2014-2016

The amendments of the Cycle 2014-2016, issued by the Council on December 8, 2016, apply to periods beginning on or after January 1st, 2017. None of these amendments has an impact on the Bank.

-IFRS 12 Disclosure of participation in other entities

The amendment clarifies that the obligation to provide the disclosures of IFRS 12 applies to investments in entities that have been classified as held for sale or discontinued activities in accordance with IFRS 5. The disclosure requirements set out in paragraphs B10 - 16 of IFRS 12 are excluded. The amendment applies obligatorily for annual periods beginning on January 1st, 2017.

- IAS 28 Participations in affiliates and joint ventures

IAS 28 has been amended to clarify that the management organizations of investment capitals, mutual funds and entities with similar activities may choose at the initial recognition, separately for each investment, to account for investments in joint ventures and affiliate enterprises at their fair value or with the method of net worth. The amendment applies obligatorily for the annual periods beginning on January 1st, 2018.

Annual Improvements of IFRS, Cycle 2015-2017

The amendments of the Cycle 2015-2017, issued by the Council on December 12, 2017, apply to periods beginning on or after January 1st, 2019 and have not yet been adopted by the European Union. None of these amendments has an impact on the Bank.

- IFRS 3 Business combinations

The amendments clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business.

- IFRS 11 Joint Agreements

The amendments clarify that when an entity obtains joint control of a business that is a joint operation, it does not remeasure the previously held interests in that business.

-IAS 12 Income taxes

The amendments clarify that an entity accounts for all consequences on income tax from dividends paid in the same way.

-IAS 23 Borrowing cost

Amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally.

3. Summary of significant accounting policies

3.1 Exchange conversions

(a) Functional currency and presentation currency

The figures of the Bank's financial statements are calculated using the currency of the primary economic environment in which the Bank operates ("functional currency"). The financial statements are presented in Euros, which is the functional and presentation currency of the Bank.

(b) Transactions and balances

Transactions in foreign currencies are translated into the functional currency at the exchange rates prevailing at the date of the transaction. Profits and losses from exchange differences resulting from the settlement of such transactions during the financial year and from the conversion of monetary items denominated in foreign currency with the current exchange rates at the balance sheet date are recorded in profit or loss. Exchange differences arising on non-monetary items measured at fair value are considered as part of the fair value and are therefore are recorded where the fair value differences are.

3.2 Cash and cash equivalents

Cash and cash equivalents include cash in the fund, deposits in the Bank of Greece that are not subject to restrictions, receivables from monetary institutions, of high liquidity and low risk with original expiration dates of three months or less.

3.3 Financial Means:

3.3.1 Initial recognition

The Bank recognizes the financial menas as assets or liabilities provided that it becomes a counterparty that acquires rights or undertakes obligations under the contractual terms of the financial means.

The Bank, at its initial recognition, valuates the financial assets and liabilities at their fair value. In the case of financial means not measured at fair value through profit or loss statement, the value at initial recognition is increased by transaction costs and is decreased by income and commissions directly related to their acquisition or creation.

3.3.2 Classification and subsequent measurement of financial assets

The financial assets of the Bank are classified into the following categories for purposes of subsequent measurement. Classification depends on the purpose for which the investment was acquired. Management determines classification at the initial recognition.

(a) Loans and receivables

In this category, can be incorporated non-productive financial assets, with determined or determinable payments that are not traded in an active market and for which the Bank does not expect not to substantially recover its investment, with the exception of cases related to the creditworthiness of the issuer. The Bank classifies as loans and receivables:

i. the subsidies to customers and

ii. bonds with fixed flows that are not traded in an active market.

This category is measured at depreciated cost using the effective interest method and is periodically examined for the existence of impairment losses.

The effective interest method is a method of calculating the depreciated cost of a financial asset and dividing income or expenses from interests over the relevant period. The effective interest rate is the one that exactly discounts the expected flows of future receipts or payments of a financial means until its expiration or the next date of readjustment of its interest rate.

(b) Financial assets and liabilities measured at fair value through profit or loss

A financial asset is classified at fair value through profit or loss when it is principally held for trading purposes or because this is how it was chosen to be at its initial recognition. Derivatives are classified as held for trading, unless they have been designated as hedging means.

The Bank does not hold investments in this category.

(c) Investment held to maturity

It includes non-derivative financial assets with fixed or determinable payments and a specific maturity and which the Bank has the intention and ability to hold until their maturity.

The realized and unrealized profits or losses arising from changes in the fair value of financial assets that are measured at their fair value with changes in profit or loss, are recognized in the pofit and loss statement of the financial year that occur.

The Bank does not hold investments in this category.

(d) Financial assets available for sale

It includes non-derivative financial assets that are either determined in this category or cannot be classified in any of the above categories. The bank has classified non-listed equity instruments into this category.

The available-for-sale financial assets are subsequently measured at their fair value and the related profits or losses are recorded in other comprehensive income, until such assets are sold or suffer impairment. Upon sale or impairment, profits or losses accumulated in the net worth are transferred to profit or loss. Impairment losses recognized in profit or loss and concern investments in equity instruments are not reversed through profit or loss.

The fair values of financial assets traded in stock markets are determined by current market prices. For assets that are not traded in a stock market, the fair values are determined using valuation techniques such as analysis of recent transactions, comparable tradable items and discounting of cash flows. In cases where fair value cannot be measured reliably, financial assets are measured at the acquisition cost minus impairment.

3.3.3 Offsetting of financial assets

Financial assets and liabilities are offset and the net amount is presented in the balance sheet when there is a legal right of offset of the amounts recognized and at the same time there is an intention that a settlement takes place on a net basis or the acquisition of the asset and the settlement of the obligation to be realized simultaneously.

3.3.4 Discontinuation of recognition of financial assets

The Bank discontinues the recognition of financial assets when:

- the cash flows of the financial assets have expired,
- it transfers the contractual right to collect cash flows from financial assets and at the same time transfers the risks and benefits arising from them,
- loans or investments in securities are rendered uncollectible, and thus it deletes them.

3.3.5 Impairment of the value of the financial assets

The Bank assesses at each balance sheet date the data on whether a financial asset or group of financial assets has been impaired.

Financial assets that are subject to impairment audit (if there are relevant indications) are assets measured at the acquisition cost, assets measured at the depreciated cost (loans and receivables) and investments available for sale.

Objective indications that an asset or group of assets classified in the category "loans and receivables" has been impaired is the evidence and information that come to the knowledge of the Bank and relate to loss-making events, the effect of which on the estimated future cash flows, can be reliably measured and determined. The main of these indications are listed in note 4.2.1. I"impairment of loans".

When calculating the impairment of investments recognized as available for sale, any significant and prolonged decline in the fair value of the investment below its cost is taken into account. Where there is such an indication for available-for-sale financial assets, the accumulated loss - calculated as the difference between the cost of purchase and the current fair value minus the impairment losses of the financial asset previously recognized as an expense in the profit and loss, is transferred from the equity to the profit and loss.

In the case of a subsequent increase in the value of a debt security classified as Available for sale, the loss previously recognized through profit or loss is reversed in the profit and loss. Impairment losses in equity istrumnets recognized as expese in profit or loss and are not reversed through profit or loss.

3.3.6 Subsequent measurement of financial liabilities

The financial liabilities that the Bank has undertaken are subsequently measured according to the depreciated cost method with the effective interest rate. Included in this category are liabilities to customers and other liabilities.

The Bank has no financial liabilities that are measured at the fair value through profit or loss

3.3.7 Fair value measurement

Fair value is the price that would be obtained upon the sale of an asset or upon the transfer of a liability in a normal transaction between the participants, in the main or, failing that, in the most advantageous market that the Bank has access, at the measurement date. The fair value of a liability reflects the risk of non-fulfilment of liabilities.

The Bank shall measure the fair value of a financial means by using the official stock market price in an active market for the financial means, when it is available. A market is considered active if the transactions for the asset or liability take place with sufficient frequency and volume so that pricing information is constantly provided. When there is not available official stock price in an active market, then the Bank uses valuation techniques that maximize the use of relevant observable data and minimize the use of non-observable data. The selected valuation technique includes all the factors that market participants would take into consideration for pricing one transaction.

The Bank uses the following hierarchy to determine and disclose the fair value of financial means per valuation technique:

Level 1: Official stock prices (unadjusted) in active markets for identical assets or liabilities to which the Bank has access at the date of measurement.

Level 2: Inflows other than the official stock prices included in the 1st level that are observable for the asset or liability either directly or indirectly.

Level 3: Non observable inflows for the asset or the obligation.

The Bank has no financial means that are measured at the fair value. The available for sale financial assets that it possesses and include not imported equity instruments have been valued in the acquisition cost minus impairment since their fair value cannot be measured reliably (note 15).

3.4 Tangible fixed assets

Tangible assets are measured at acquisition cost minus accumulated depreciations and impairment. The acquisition cost includes all the expenses directly related to the acquisition of evidence.

Subsequent costs are added to the accounting value of tangible fixed assets or are recorded as a separate asset only if they are expected to generate future economic benefits to the Bank and their cost can be measured reliably. Repairs and maintenance costs are recorded in the profit and loss of the financial year that is realized.

Depreciations of tangible assets is calculated using the straight-line method over their useful lives, which is as follows:

-Buildings 50 years
- Improvements in third-party properties During the lease
-Furniture and fixtures 5-10 years

The residual values and useful lives of tangible assets are reviewed and readjusted, if appropriate, at the end of each financial year.

When the accounting values and useful lives of tangible fixed assets exceed the recoverable amount, the difference (impairment) is recorded as an expense in the profit and loss.

When tangible assets are sold, the difference between the consideration received and their accounting value is recorded as profit or loss in the accounts. Financial expenses relating to the construction of tangible assets, are capitalized for the period of time required to complete the construction. All the other financial expenses are recognized in the profit and loss of the financial year with their realization.

3.5 Leases

The Bank as a lessee

Leases of assets where the Bank substantially maintains all the risks and benefits of ownership are classified as financial leases. The financial leases are capitalized at the beginning of the lease at the lower of the fair value of the asset or the present value of the minimum rents. Each rent is apportioned between the liability and the financial expenses so as to achieve a stable interest rate on the remaining financial liability. The corresponding obligations from rents, net from financial expenses, are portrayed in the liabilities. The part of the financial expense relating to the leases is recognized in the profit and loss account during the lease term. Fixed assets acquired under financing leases are depreciated over the shorter period between the useful life of the fixed assets and the duration of their lease unless there is a reasonable degree of certainty that the Bank will acquire ownership of the assets at the end of the lease, and they are therefore depreciated over their useful lives. During the current and previous financial year the Bank had not entered into leasings nor were there any obligatory leasings.

Leases, where substantially the risks and the benefits of ownership are retained by the lessor , are classified as operating leases. Lease payments under an operating lease are recognized at the expense of the profit and loss, using the straight-line method, over the lease term.

The Bank as lessor

Leases, where substantially the risks and the benefits of ownership are retained by the Bank , are classified as operating leases. Income from operating leases is recognized in profit and loss through the straight-line method over the whole term of each lease. Initial direct costs borne by the Bank at the negotiation of an operating lease are added to the accounting value of the leased asset and are recognized during the lease on the same basis with the rental income.

3.6 Intangible assets

Software

Purchased software programs are measured at the acquisition cost minus the accumulated depreciations and impairments. Depreciations are calculated using the straight-line method over the useful life of these assets, which ranges from 5 to 16 years.

Costs associated with the maintenance of software programs are recognized as expenses when realized.

3.7 Assets from auctions

"Assets from auctions" include properties acquired by the Bank through the auction process to satisfy its claims in whole or in part. The Bank values these properties at each balance sheet date, at the lower value between the accounting and the fair, assigning their evaluation to independent appraisers.

3.8 Impairment of the value of the non financial assets

With the exception of assets from auctions that are tested for impairment at least on an annual basis, the accounting values of other long-term assets are tested for impairment purposes when events or changes in circumstances indicate that the accounting value may not be recoverable.

Whenever the accounting value of an asset exceeds its recoverable amount, its corresponding loss impairment is registered in the profit and loss . The recoverable value is determined as the highest value between the net selling price and the value of the use. The fair value minus the purchase expenses is the amount that can be received from the sale of an asset within the frame of a reciprocal transaction in which the parties are fully aware and join voluntarily, after deducting any additional direct disposal costs of the asset, while value in use is the current net value of the estimated future cash flows that are expected to be realized from the continued use of an asset and the income that is expected to occur from its disposal at the end of its estimated useful life. For the purposes of determining the impairment, assets are grouped to the lowest level for which cash flows can be separately determined.

3.9 Current and deferred income tax

Taxation for the financial year includes current tax and deferred tax. Taxation is recognized in profit and loss unless it relates to items recognized in other comprehensive income or directly in net worth. In this case, the tax is also recognized in other comprehensive income or directly in net worth, respectively.

Current income tax is calculated on the basis of the taxable profit and loss in accordance with the tax laws in force in Greece. The expenditure for the current income tax includes the income tax resulting from the Bank's profits as restated in its tax return and provisions for additional taxes for unaudited tax financial years and is calculated in accordance with the institutionalized or substantively institutionalized tax rates.

Deferred income tax arises from the temporary differences between the tax base and the accounting value of assets and liabilities. Deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that, when the transaction took place, affected neither the accounting nor the taxable profit or loss. Deferred tax assets are recognized to the extent that there will be future taxable profit for the use of the temporary difference that creates the deferred tax asset. Deferred tax is determined by taking into account the tax rates (and tax laws) that are in force at the balance sheet date and is expected to be in force when the deferred tax asset will be realized or the deferred tax liability is settled.

Deferred tax assets are offset with the deferred tax liabilities when settled at the same tax authority.

3.10 Provisions and Contingent Liabilities:

Provisions are recognized when:

- There is a present legal or constructive obligation as a result of past events,
- it is likely that an outflow of resources will be required to settle the commitment,
- the required amount can be reliably estimated.

When the effect of the timeless value of money is material, the amount of the provision is the present value of the expenditure expected to be required the settlement of the commitment. The discount rate will be a pre-tax interest rate that reflects the current market estimates for the timeless value of money and risks related to the liability.

Contingent liabilities are not registered in the financial statements but are disclosed unless the probability of an outflow of resources embodying financial benefits is minimal. Contingent receivables also, are not registered in the financial statements but are disclosed when the inflow of financial benefits is probable.

3.11 Employee benefits

(a) Short-term benefits

Short-term employee benefits in cash and in kind are recorder as an expense when accrued.

(b) Benefits after leaving the service

Post-employment benefits include both defined contribution plans (government programs) and defined benefit plans.

The accrued cost of defined contribution plans is recorded as an expense in the period in question.

The liabilities arising from defined benefit plans to the personnel are calculated at the discounted value of future benefits to the personnel that have been accrued at the balance sheet date. The defined benefit liability is calculated on an annual basis by an independent actuary using the projected unit credit method.

Actuarial profits and losses arising from empirical adjustments and from changes in actuarial assumptions are recognized in other comprehensive income in the period in which they arise.

Past service cost is recognized immediately in the profit and loss.

(c) Termination of employment benefits

Termination of employment benefits are payable when the Bank, either terminates the employment of employees before retirement or after a decision by employees to accept an offer of benefits from the Bank in exchange for the termination of their employment. The Bank recognizes termination of employment
benefits as an obligation and expense on the earliest of the following dates: a) when an economic entity can no longer withdraw the offer of those benefits; and b) when the economic entity recognizes restructuring costs that fall in the scope of IAS 37 and entails the payment of termination of employment benefits. Termination of employment benefits due 12 months after the balance sheet date are discounted.

3.12 Equity - Cooperative Capital

The rights and obligations of the shareholders of the Cooperative Bank, are determined by law 1667/2986 as amended and in force (last amendment by the law 4340/2015), as well as by the Articles Of Association of the Bank and the decisions of the bodies of administration.

Each partner is registered for a mandatory cooperative share. S/he may, in addition to the mandatory cooperative share, also obtain optional shares up to the maximum number specified every time by the
Law and the Articles of Association. The value of the optional is equal to the value of the mandatory share. In particular, the Legal Entities Governed By Public Law can acquire an unlimited number of optional shares.

The cooperative share is transferred only to partners. The transfer of the cooperative share to third parties is allowed only upon the decision of the Board of Directors. The Board of Directors refuses the transfer, provided that the third party does not meet the conditions required for his entry as a partner (Article 2 of Law 1667/86).

Each partner is required to pay the value of the cooperative share from the date of submition of the application for registration to the cooperative. The cooperative share is indivisible and equal for all
partners.

The Bank's disposal price is determined by admissible valuation methods, in accordance with the provisions of the law and the Articles of Association.

Any liquidation of shares is attributable to the amount of the share value that corresponds to the net property of the cooperative, as derived from the balance sheet of the last financial year, taking into account a) the amount by which the provisions formed lack requirements in accordance with the certified public accountants report and b) the restrictions provided for in Article 149 of Law 4261/2014.

Each partner is liable to the cooperative and its creditors jointly and severally for an amount equal to the value of his shares. (Limited Liability Cooperative, Article 4 para. 4 of Law 1667/86).

The Bank has recognized the entire Cooperative Capital as Equity as part of the interpretation*of IFRS 2: "Shares of members in cooperative financial entities and similar instruments",*since there is
no relevant authorization to repay the cooperative shares to the unit-holders, by the Bank of Greece, according to the provisions of article 149 of L. 4261 / 5.5.2014.

Expenses for cooperative capital increase: Direct expenses for the issue of shares, after the deduction of the relevant income tax, appear in a decrease of the retained account.

Premium from share issuance: In this account the difference between the nominal value of the shares issued and their selling price is registered.

3.13 Recognition of income

Revenues are recognized when it is probable in the future that the economic benefits will flow to the Bank and the amount can be reliably measured.

The revenues of the Bank include mainly revenues from loans' interests and interest debt instruments, letters of guarantee commissions and other bank transactions, revenues from dividends and other revenues. The recognition of revenues is as follows:

i) Revenues from interests:

Interest revenues refer to all interest-bearing Balance Sheet items and are recognized on an accrual basis using the effective interest rate method. Interest revenues include interests of loans and coupons from fixed rate debt instruments.

ii) Revenues from commissions

They are recognized in the profit and loss at the time the services were provided.

iii) Revenues from dividends

Dividend revenues are recognized when the right to receive payment from the shareholders, is finalized, namely after their approval by the General Assembly.

3.14 Expenses

i) Expenses from interests

Interest expenses are recognized in the profit and loss for all interest-bearing liabilities. Their recognition is based on the accrual principle and their determination using the effective interest rate method.

ii) Other expenses

Other expenses are recognized in the profit and loss on an accrual basis.

3.15 Dividends distribution

Dividend's distribution is recognized as a liability when the distribution is approved by the General Assembly of the partners.

4. Financial risks' management

4.1 Risk management framework

The Board of Directors has overall responsibility for the development and supervision of the risk management framework, formulates the risk-taking and capital management strategy, in line with the Bank's business objectives, while assesses the effectiveness of its risk management policy as well as the adequacy of Equity, in relation to the amount and form of the risks undertaken. The risk management framework is continually evaluated and evolving, taking into account the Bank's historical data, market dynamics, compliance with supervisory requirements, and international best practices. For this purpose, the Bank has established a Risk Management Unit, according to the provisions of the Bank of Greece Governor’s Acts 2577/2006.

4.2 Financial Risks

Financial risks' management is interwoven with the Bank's business activity. With a view to maintaining the stability and continuity of operations, Management places a high priority on the implementation and continuous improvement of an effective risk management framework to minimize potential adverse effects on the Bank's financial accounts.

Due to the nature of its operations, the Bank is exposed to various financial risks, such as credit risk, market risk (including foreign exchange and interest rate risk), and liquidity risk. The Bank's risk management strategy aims at minimizing the adverse effects that such risks may have on the Bank's financial performance, financial position and cash flows.

The Bank annually submits to the competent directorates of the Bank of Greece the Internal Capital Adequacy Process (ΔAEEK) where it analyzes quantitatively and qualitatively the means it uses to manage the individual risks and the future impact on its solvency (Capital Adequacy Ratio).

4.2.1 Credit Risk

The Bank is exposed to credit risk, which is the risk of loss due to the inability of the counterparty to meet its payment obligations at the date of their expiration.

The Bank's credit risk arises mainly from the lending of individuals and businesses, including the protection measures provided, such as financial guarantees, as well as from other activities such as investment in bonds.

The Bank manages the individual exposures in credit risk as well as the credit risk concentrations.

I.<u>Credit risk management</u>

The Bank's customers, who are largely members of the Bank, come from the local community with their main branches of operation trade, production of Electric Power, processing and constructions.

The Board of Directors for its smooth operation and rapid response to matters other than the Audit Committee and Committees for Loans and Cash Management, as well as those provided by the institutional and regulatory framework, may create informal committees and the role of coordinator shall undertake obligatorily a member of the BoD. In these, participate official factors and in a consultative manner the competent person of the Risk Management Unit. At the end of their work, the committees are required to submit the minutes to the plenary session of the BoD signed by all their members.

Audit Committee

The members of the Board are appointed by the Board of Directors and approved by the General Assembly. The Committee
consists of three non-executive and independent members of the BoD, of which at least one is a specialist in financial matters with sufficient knowledge and experience in audit matters as well.

The term of office of the members of the Committee is annual and may be renewed indefinitely. Each member is provided with appropriate information and training at his / her appointment but also on a continuous basis. The members of the Committee should not hold parallel positions or properties or engage in transactions that might be considered incompatible with the Committee's mission. The participation in the Audit Committee does not exclude the possibility to participate in other committees of the Board of Directors as well.

Among other things the Audit Committee:

- examines the effectiveness of the Bank's systems of internal control, risk management, regulatory compliance and financial disclosures and informs relatively the Board of Directors,
- examines the annual report of the SSC on the adequacy of the Internal Audit System and informs the Board of Directors,
- examineS at least twice a year the reports of the Compliance Division, including as well the Bank's compliance program,
- monitors the application and examines the effectiveness of the Code of Conduct for senior financial executives of the Bank,
- submits proposals to the BoD to address the weaknesses identified and monitors the implementation of the measures decided upon (follow up).

Loans' Committee

The Loans Committee consists of 5 regular members and three alternates and decides on the loans' structure and suggests to the Board of Directors credit expansion.

The Committee decides unanimously on the credit limits of each member up to the amount authorized by the Board of Directors, as well as on the granting of the financing by its decision, taking into account whether the credits proposed meet the criteria of the decisions of the Bank of Greece and the credit criteria that the Bank itself has or will adopt, and at the same time determine the collaterals or coverings that the Bank will receive in order to provide the requested funding (prenotations, pledges, checks or bills of exchange of clientele, etc.). In this context, the Bod shall decide on the establishment of granting levels to which the responsibilities of the Committee shall be delegated The Bank has established four granting levels namely a) up to 50 thousand b) from 50 to 200 thousand, c) from 200-400 thousand d) over 400 thousand

In the event that the application for funding has been submitted by a member of the Board of Directors, this application shall be examined in the first and last degree by the Board of Directors. In the case of either a negative decision taken by majority or a positive decision taken by majority, the application for financing the customer together with the decision of the Committee shall be forwarded to the Board of Directors for a final decision on it.

It decides upon the suggestion of the Branch and a recommendation of the General Manager, in accordance with the terms and conditions required, to transfer to bad debts of the uncollectible receivables up to the amount authorized by the Board of Directors.

The Basic Credit Rules, the procedures for examining, assessing, approving and classifying borrowers, the cessation of interest payments and the characterization of borrowers as doubtful, as well as the observance of the decisions of the regulating principles are determined in the Credit Regulation, which is constantly readjusted depending on the existing conditions.

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Delays' Administrative Body

The delayed receivables management is assigned by decision of the BoD to the delay department (Delays' Administrative Body) and the decision-making to the Delays Committee. The directorate of delays follows, among other things, the Code of Conduct and classifies borrowers into cooperative and non-cooperative.

Evaluation and creditworthiness

In the context of the aforementioned, according to the provisions of the Regulation, the creditworthiness of the enterprises through the RVR (RVR) system of the Bank "Systemic R.M. S.A. Bank Creation and Trading of Software Programs" is evaluated, the collaboration with which continues. Based on this system, enterprises are ranked in 9 creditworthiness levels and each rating category corresponds to a specific default probability. Also, one level is used for customers in substantial weakness.

The operation of the RVCredit / RVRating program is considered to be until now very satisfactory. The course of work of the Credit Risk Management group of the Cooperative Banks in which participates as well the Bank in question continues its smooth operations. This system carries out borrower classifications - only for enterprises and not for retail customers. In 2012, a change in the default probability calculation algorithms took place, but its use was not changed in the Bank's customer ranking.

The following table illustrates the levels in question:

MARKING	CATEGORY	PD	Risk level	Quality Rating
A	1	1,11%	Low	High
B	2	3.14%		
C	3	5.80%	Below the average	
D	4	7.96%		
E	5	12.05%	Medium	Satisfactory
F	6	18.56%	Above the average	
G	7	29.46%		
H	8	38.31%	High	Under follow-up
I	9	57.92%		

Credit risk mitigation techniques

In order to reduce the credit risk and to ensure repayment of the loans granted, the Bank receives coverings and collaterals. The main collaterals received are:

- Prenotations / Mortgages of real estates
- Collaterals on deposits
- Collaterals on cheques
- Assignment of Electric Power (enterprises of production of Electricity)
- Guarantees of the Greek State
- Guarantees of Greekand European Funds and Organizations (ETEAN (Hellenic Fund for Entrepreneurship and Development), European Investment Bank, ect)

The bank values the collaterals in rem at regular intervals, adapting the needs for the provisioning, accordingly. The values of estimates are reduced according to their age (time-impairment), while additional impairment takes place depending on the type of in rem collaterals (commercial real estate, urban real estate).

Impairment of loans

The Bank examines, at the date of preparation of the Financial Statements, the possibility of a loan or group of loans being impaired.

A loan or group of loans has been impaired, which leads to the recognition of impairment provisions, in the case and only when there are objective indications as a result of one or more events (loss events) that have occurred since the initial recognition of the loan and these events affect the estimated future cash flows of the loans and the effect of these may be reliably estimated.

Some basic indications of impairment of loans are:

- Breach of the terms of the loan contract
- Significant financial difficulty of the borrower
- When the lender makes a concession to the borrower for financial or legal reasons, related to the borrower's financial difficulty, that the lender would not otherwise examine (loan adjustment measures)
- When the borrower is likely to be in a state of bankruptcy or another financial difficulty
- Existence of registrations in Tiresias
- Lossful events that could affect the borrower's ability to repay his contractual obligations within the agreed time

The impairments of loans examined on an individual basis while for certain categories they are examined and calculated on a collective basis. For the impairment of loans with individual assessment, the following are taken into account:

Personalized impairment

- The final delays (Judicial) are reduced to the amount of the collateral
- An amortizing loan or open account is impaired on the value of the collateral if it has been designated by the competent service in a state of - cessation of payment of interest and its total delay exceeds 12 months
- Installment loans with a delay of 91-180 days are examined for the classification of the borrower in the category of cooperative or not, and in the case where the borrower has been classified as non-cooperative according to the Code of Conduct, all his exposures are impaired at the amount of the collateral
- If there is an installment loan with a delay of more than 6 months then it is impaired at the amount of the collateral
- Provided that the borrower has an indication of impairment at the amount of the collateral in one of his loans
  then automatically in his other exposures an impairment is conducted in the same manner.

Collective impairment

Special category of settings:

- For all exposures that do not have an individual impairment indication, their uninsured balance is calculated. Accordingly, an initial loss rate is calculated.
- Since the analysis relates to regulated and updated loans is the possibility of reassignment is introduced (they are not initially considered to be impaired), taking into account the average of the default probability calculated on the total exposures settled and it occurs based on a) the probability of default according to RVRating ™ of Systemic Bank S.A. (Systemic RM) on an individual basis with a minimum LossRate = 15% and b) the combined loss ratio resulting from the total uninsured balance of regulated loans and the probability of default on an individual basis.

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- It is noted that if a part has already been used for individual impairment, it is not taken into account in the above calculations.

If, in a subsequent period, the amount of the impairment provision is reduced due to events that occurred after the impairment was recognized, which led to an improvement in the borrower's creditworthiness, the provision recognized in a previous period is reversed and the resulting difference is recorded in the profit and loss.

In the event that a claim becomes irrecoverable or settled, it may be deleted against the amount of the individually formed provision provided that it is recognized by the applicable tax provisions. If collections take place in a period after the deletion, the "provisions of impairment of loans and receivables against customers" are recorded on credit of the profit and loss account.

I.Major exposure to credit risk before collaterals

The major exposure to credit risk on 31.12.2017 and 31.12.2016 is as follows:

	31/12/2017	31/12/2016
Exposure to credit risk of balance sheet items:		
Receivables from credit institutions	35,235,473	28,899,819
Loans and receivables from customers	49,126,431	47,642,722
Portfolio of investment securities	1,405,340	1,389,697
Other Assets	68,545	143,514
Exposure to credit risk of items outside the balance sheet:		
Letters of Guarantee	5,526,835	6,442,748
Total	**91,362,623**	**84,518,500**

II. Loans and receivables from customers

Below is a detailed overview of the Bank's exposure to credit risk arising from loans and receivables from customers.

a. Quality of the portfolio of loans and receivables from customers

Loans and receivables from customers are classified as "loans without delay and non-impaired', "overdue and non-impaired loans" and "impaired loans".

The category "loans without delay and non-impaired loans" includes loans for which there are no overdue payments, under contract, and no other evidence of impairment.

The category of "overdue and non-impaired loans" includes loans for which there are overdue payments, on a contractual basis, for at least one day, but without their value being impaired unless there is specific information to the contrary.

The "impaired loans" category is distinguished from those impaired on the basis of an individual assessment and those impaired on the basis of a collective assessment (see note 4.2.1.I).

The following tables show the value of loans and receivables from customers, before impairment, which constitutes the maximum exposure to credit risk before impairment, as well as the categorization of them into non-impaired (ie "loans without delay and non-impaired" and "overdue loans and non-impaired") and impaired.

December 31, 2017 (all amounts expressed in Euros)

The following tables also show the balance of the impairment provision recognized by each category of loans and receivables from customers and the method of determining the balance of it (ie 'individual' or 'collective' assessment), the total net worth of loans and receivables, after the

Balances on 31.12.2017	Non-impaired Loans and receivables		Impaired loans and receivables		Total value before impairment	Accumulated provisions		Total net value after the impairment	Value of received collaterals
	Without delay and non-impaired	Overdue and non-impaired	Based on individual assessement	Based on collective assessement		Based on individual assessement	Based on collective assessement		
Business									
Small and Medium Enterprises	**24,816,409**	**2,588,188**	**19,644,765**	**6,680,236**	**53,729,598**	**11,046,135**	**1,955,466**	**40,727,997**	**28,533,706**
	24,816,409	**2,588,188**	**19,644,765**	**6,680,236**	**53,729,598**	**11,046,135**	**1,955,466**	**40,727,997**	**28,533,706**
Individuals									
Residential	**2,136,414**	**521,453**	**3,422,844**	**1,283,394**	**7,364,105**	**998,567**	**375,680**	**5,989,858**	**5,861,327**
Consumer	**771,618**	**96,807**	**2,529,921**	**588,482**	**3,986,828**	**1,405,990**	**172,263**	**2,408,576**	**1,639,722**
	2,908,032	**618,260**	**5,952,765**	**1,871,876**	**11,350,933**	**2,404,557**	**547,943**	**8,398,433**	**7,501,049**
Total	**27,724,441**	**3,206,448**	**25,597,531**	**8,552,112**	**65,080,532**	**13,450,692**	**2,503,409**	**49,126,431**	**36,034,755**

Balances on 31.12.2016	Non-impaired Loans and receivables		Impaired loans and receivables		Total value before impairment	Accumulated provisions		Total net value after the impairment	Value of received collaterals:
	Without delay and non-impaired	Overdue and non-impaired	Based on individual assessement	Based on collective assessement		Based on individual assessement	Based on collective assessement		
Business Loans									
Small and Medium Enterprises	**22,324,269**	**2,475,114**	**17,835,381**	**9,411,439**	**52,046,204**	**10,710,902**	**2,261,254**	**39,074,048**	**28,294,342**
	22,324,269	**2,475,114**	**17,835,381**	**9,411,439**	**52,046,204**	**10,710,902**	**2,261,254**	**39,074,048**	**28,294,342**
Individuals									
Residential Loans	**1,923,324**	**547,170**	**3,346,340**	**1,539,349**	**7,356,182**	**1,036,093**	**369,854**	**5,950,235**	**5,880,340**
Consumer Loans	**726,729**	**151,664**	**2,605,465**	**776,931**	**4,260,789**	**1,455.680**	**186,670**	**2,618,439**	**1,730,061**
	2,650,053	**698,834**	**5,951,805**	**2,316,280**	**11,616,972**	**2,491,773**	**556,524**	**8,568,674**	**7,610,401**
Total	**24,974,322**	**3,173,948**	**23,787,187**	**11,727,719**	**63,663,176**	**13,202,675**	**2,817,778**	**47,642,722**	**35,904,744**

impairment, and the value of collaterals held to reduce credit risk.

Loans and receivables from customers in delay and not impaired

Majority of delayed and non-impaired loans and receivables by category (31.12.2017)	**BUSINESS LOANS**	**INDIVIDUALS**		**TOTAL**
	SMALL AND MEDIUM ENTERPRISES	**RESIDENTIAL LOANS**	**CONSUMER LOANS**	
1-30 days	1,563,054	159,493	59,762	1,782,309
31-60 days	525,793	275,885	7,384	809,061
61-90 days	279,932	66,515	14,633	361,079
91-180 days	135,033	19,561	11,386	165,980
> 6 months	80,508	-	3,643	84,150
> 12 months	3,869	-	-	3,869
	2,588,188	**521,453**	**96,807**	**3,206,448**
Value of received collaterals	1,521,194	457,868	36,096	2,015,158

The following tables present the time analysis of loans and receivables from customers in delay and non-impaired, by loan category:

December 31, 2017 (all amounts expressed in Euros)

Majority of delayed and non-impaired loans and receivables by category (31.12.2016)	BUSINESS LOANS	INDIVIDUALS		TOTAL
	SMALL AND MEDIUM ENTERPRISES	RESIDENTIAL LOANS	CONSUMER LOANS	
1-30 days	1,421,159	349,801	83,890	1,854,850
31-60 days	540,683	75,143	47,950	663,775
61-90 days	195,808	61,833	5,812	263,454
91-180 days	198,778	60,393	14,012	273,183
> 6 months	-	-	-	-
> 12 months	118,686	-	-	118,686
	2,475,114	**547,170**	**151,664**	**3,173,948**
Value of received collaterals	1,521,920	449,607	21,880	1,993,.407

Impaired loans and receivables from customers

The following tables present the time analysis of impaired loans and receivables from customers by loan category after impairment, as well as the value of collaterals held to reduce credit risk.

Majority of impaired loans and receivables by category (31.12.2017)	BUSINESS LOANS	INDIVIDUALS		TOTAL
	SMALL AND MEDIUM ENTERPRISES	RESIDENTIAL LOANS	CONSUMER LOANS	
Settled (updated)	4,727,168	734,458	272,023	5,733,649
1-30 days	1,471,186	671,150	94,282	2,236,617
31-60 days	517,921	150,429	116,584	784,934
61-90 days	1,542,953	52,760	138,319	1,734,033
91-180 days	370,873	9,603	94,597	475,074
> 6 months	1,183,312	107,232	110,347	1,400,891
> 12 months	16,511,589	2,980,605	2,292,251	21,784,445
	26,325,002	**4,706,238**	**3,118,403**	**34,149,643**
Value of received collaterals	11,945,635	3,535,597	1,369,914	16,851,145

Majority of impaired loans and receivables by category (31.12.2016)	BUSINESS LOANS	INDIVIDUALS		TOTAL
	SMALL AND MEDIUM ENTERPRISES	RESIDENTIAL LOANS	CONSUMER LOANS	
Settled (updated)	6,669,168	1,307,585	486,128	8,462,880
1-30 days	1,357,165	374,653	141,349	1,873,167
31-60 days	1,026,535	36,574	145,724	1,208,834
61-90 days	701,817	9,751	87,833	799,401
91-180 days	328,400	101,578	4,442	434,420
> 6 months	967,447	101,998	45,270	1,114,716
> 12 months	16,196,289	2,953,50	2,471,649	21,621,488
	27,246,821	**4,885,689**	**3,382,396**	**35,514,906**
Value of received collaterals	11,804,766	3,656,777	1,469,773	16,931,316

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(b) Distribution by field of activity of the loans and receivables from customers

The following tables present the total loans and receivables from customers, before impairment, the impaired loans and receivables from customers, as well as impairment provisions, by field of activity.

Loans and receivables against customers, impaired loans and accumulated impairment provisions, by category of loans and field of activity	31.12.2017		
	Total loans and receivables against customers	Impaired loans and receivables	Accumulated provisions impairment
Business loans			
Agriculture - livestock farming	4,306,328	711,172	326,801
Quarries-Mines-Processing	5,279,462	3,322,145	1,598,846
Industry	3,727,640	1,242,925	468,369
Building-Construction Enterprises	4,274,610	3,779,306	1,938,224
Trade	18,731,882	10,031,972	5,782,918
Tourism	2,240,463	1,847,318	183,367
Energy	5,365,940	218,070	-
Transports	2,332,103	626,465	232,597
Other categories	7,471,172	4,545,629	2,470,480
	53,729,599	**26,325,002**	**13,001,601**
Individuals			
Residential loans	7,364,105	4,706,238	1,374,247
Consumer loans	3,986,828	3,118,403	1,578,253
	11,350,933	**7,824,641**	**2,952,500**
Total	**65,080,532**	**34,149,642**	**15,954,101**

Loans and receivables against customers, impaired loans and accumulated impairment provisions, by category of loans and field of activity	31.12.2016		
	Total loans and receivables against customers	Impaired loans and receivables	Accumulated provisions of impairment
Business loans			
Agriculture - livestock farming	2,856,528	994,215	294,899
Quarries-Mines-Processing	5,301,599	3,530,725	1,568,843
Industry	3,295,433	1,226,901	415,359
Building-Construction Enterprises	4,310,864	3,737,276	2,057,743
Trade	16,401,924	10,391,920	5,782,909
Tourism	2,237,982	3,447,591	870,867
Energy	6,210,736	225,041	-
Transports	2,167,208	620,460	217,450
Other categories	9,263,930	3,072,693	1,764,087
	52,046,204	**27,246,821**	**12,972,156**
Individuals			
Residential loans	7,356,182	4,885,689	1,405,947
Consumer loans	4,260,789	3,382,396	1,642,350
	11,616,972	**8,268,085**	**3,048,297**
Total	**63,663,176**	**35,514,906**	**16,020,453**

According to the above tables, the percentage of provisions on the total of loans amounts to 24.62% on 31.12.2017 (2016: 25.16%).

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(c) Settlement measures for Loans and receivables from customers

The contractual terms of the loans may be modified due to various factors such as changes in market conditions as well as possible deterioration in the borrower's financial position.

Under the settlements, the provisions of the technical standards "European Banking Authority - Implementing Technical Standards (EBA)" and the Executive Committee's Acts 42/30.5.2014 of the Bank of Greece as amended with the Executive Committee's Acts 47/9.12.2015 and 102/30.8.2016. The Bank's practice of settlement concerns the cases of modification of the contractual terms of repayment of loans due to the financial weakness of the borrower to respond consistently to the obligations of his that occur based on the relevant terms of the contracts. In such cases, the Bank proceeds to the provision of facilitations by favorably modifying the terms and conditions set out in the original loan contract, which it would not have provided if the borrower was not in a financial difficulty. Other cases where amendements are provided by the Bank and are not due to the financial difficulty of the debtor but are determined by business factors, do not constitute settlement measures.

The loans under settlement, are classified as impaired and non-impaired following an assessment of the degree of delay they present and their credit rating at the time of settlement and at the reporting date.

Details of the settled loans and their classification are given in the tables below:

Settled loans and receivables against customers by category

	31.12.2017	31.12.2016
Business loans		
Small and Medium Enterprises	10,145,193	11,007,849
	10,145,193	**11,007,849**
Individuals		
Residential loans	1,706,219	1,911,407
Consumer loans	886,698	931,445
	2,592,917	**2,842,852**
Total	**12,738,111**	**13,850,701**

December 31, 2017 (all amounts expressed in Euros)

Analysis of settled loans and receivables against customers with qualitative elements	Total loans and receivables against customers	31.12.2017 Total of settled loans and receivables against customers	Percentage of settlements on the total of loans and receivables
Without delay and not impaired	27,724,441	8,135,279	29.34%
Overdue and not impaired	3,206,448	416,833	13.00%
Impaired	34,149,642	4,185,999	12.26%
Value before impairment	**65,080,532**	**12,738,111**	19.57%
Provisons based on individual assessment	13,450,692	1,712,245	12.73%
Provisons based on collective assessment	2,503,409	2,503,409	100.00%
Value following the impairments	**49,126,431**	**8,522,457**	17.35%
Received collaterals	36,034,755	7,210,013	20.01%

Analysis of settled loans and receivables against customers with qualitative elements	Total loans and receivables against customers	31.12.2016 Total of settled loans and receivables against customers	Percentage of settlements on the total of loans and receivables
Without delay and not impaired	24,974,322	11,348,510	45.44%
Overdue and not impaired	3,173,948	379,209	11.95%
Impaired	35,514,906	2,122,982	5.98%
Value before impairment	**63,663,176**	**13,850,701**	21.76%
Provisons based on individual assessment	(13,202,675)	(1,152,875)	8.73%
Provisons based on collective assessment	(2,817,778)	(2,817,778)	100.00%
Value following the impairments	**47,642,722**	**9,880,048**	20.74%
Received collaterals	35,904,744	7,367,784	20.52%

The settled loans are carefully monitored at their initial stage and, depending on the behavior of the borrower, the Bank classifies and determines their probability of default by assessing their creditworthiness. In this context, beyond the creditworthiness, the client's intention to repay his debt (cooperating client) is also examined. The purpose of the settlement practice is to enable borrowers who are proven to face problems due to financial difficulties by redefining the terms of their original contracts to meet their obligations, which protects the Bank from possible losses.

The main settlement measures are:

Reduced payments schedule
Extended loan duration

- Capitalization of delayed installments
- Provision of period of grace

The following table lists the details of the settlement measures in relation to the value of the settled loans.

Types of Settlement (thousand euros)	**31/12/2017**	**31/12/2016**
Transfer of Interest Payment		
Reduced payments program	820	453
Provision of period of grace	287	288
Expansion of duration of loan	7,705	6,558
Capitalization of delayed installments	2,372	3,441
Deletion of part of the debt	55	265
Combination of settlement measures	965	1,267
Decrease of interest rate	534	1,478
Other	-	101
Total net value	**12,738**	**13,851**

III. Credit risk from debt securities

Credit risk from debt securities for the Bank is negligible. The Bank holds non-listed fixed-rate bonds of 1,100,274, which it has classified as Loans and receivables (note 15). These bonds are not classified. It should be noted that in March 2017 an amount of € 1,000,000 from the above total of 31.12.2016 was liquidated.

4.2.2 Market risk

Market risk is the present or potential risk for profit and loss and capital due to unfavorable changes in interest rates, share and commodity prices, exchange rates, as well as their volatility.

The bank is not exposed to significant market risk.

a. Interest rate risk

Interest rate risk is the risk of potential loss in the Bank's portfolio due to adverse changes in interest rates. The Bank is not exposed to market risk significantly since the total value of the elements of the investment securities portfolio (fixed rate bank bonds) is negligible in relation to total assets.

b. Equity risk

The bank is not exposed to equity risk as it does not hold shares, derivatives or other relevant financial means.

c. **Currency risk**

The Bank does not carry out operations or transactions in foreign exchange, nor does it hold assets or liabilities in foreign currency, therefore it is not exposed to currency risk.

4.2.3 Liquidity risk

Liquidity risk is defined as the Bank's possible inability to meet its financial liabilities when they become necessary, due to lack of the necessary liquidity. The Bank has a liquidity crisis Policy and Plan and on a systematic basis, the key liquidity ratios are monitored. In monitoring liquidity risk, the Bank classifies Assets and Liabilities into periods of time, depending on the remaining maturity until their expiry, thus providing a picture of future cash flows. The following are the tables that analyze the Assets and Liabilities in time periods, depending on their remaining maturity, on 31.12.2017 and

December 31, 2017 (all amounts expressed in Euros)

31.12.2017 (amounts in throusands euros)	**Elements with immediate expiry (overnight)**		**2-7 days**	**8-30 days**	**1-3 months**	**3-6 months**	**6-12 months**	**Over one year**
Assets								
Cash and availables in the Central bank	5,187	4,505		682				
Receivables against Credit Institutions	35,235			35,235				
Loans and receivables against customers	49,126		167	5,868	538	952	1,874	39,727
Portfolio of Investment Securities	1,405				1,000			405
Tangible Assets	449							449
Intangible assets	118							118
Deferred tax receivables	2,334							2,334
Other Assets	1,801							1,801
Total Assets	**95,655**	**4,505**	**167**	**41,785**	**1,538**	**952**	**1,874**	**44,834**
Liabilities								
Liabilities to customers	81,139	8,203	2,114	15,633	16,227	2,533	471	35,958
Provisions for other liabilities and expenses	165							165
Benefits liabilities to empoyees after leaving the service	108							108
Current tax liabilities	152						152	0
Other Liabilities	1,084							1,084
Total liabilities	**82,648**	**8,203**	**2,114**	**15,633**	**16,227**	**2,533**	**623**	**37,315**

31.12.2016 (amounts in throusands euros)	**Elements with immediate expiry (overnight)**		**2-7 days**	**8-30 days**	**1-3 months**	**3-6 months**	**6-12 months**	**Over one year**
Assets								
Cash and availables in the Central Bank	5,177	4,561		616				
Receivables against Credit Institutions	28,900			28,900				
Loans and receivables against customers	47,643		173	7,170	854	1,611	2,498	35,337
Portfolio of Investment Securities	1,390				1,000			390
Tangible Assets	356							356
Intangible assets	85							85
Deferred tax receivables	2,388							2,388
Other Assets	1,856							1,856
Total Assets	**87,795**	**4,561**	**173**	**36,686**	**1,854**	**1,611**	**2,498**	**40,412**
Liabilities								
Liabilities to customers	74,480	7,339	2,823	11,300	15,663	2,590	122	34,643
Provisions for other liabilities and expenses	155							155
Benefits' liabilities to empoyees after leaving the service	114							114
Current tax liabilities	55							55
Other Liabilities	730							730
Total liabilities	**75,534**	**7,339**	**2,823**	**11,300**	**15,663**	**2,590**	**122**	**35,697**

31.12.2016 according to Bank of Greece Governor's Acts 2614/2009 as in force.

The Bank's liquidity Ratios are as follows:

	31/12/2017	**31/12/2016**
a. Liquid Cash (0 - 30 days) / Short Term Liabilities	**48.90%**	**46.03%**
b. Receivables minus Liabilities (0-30 days)/Short Term Liabilities	**11.60%**	**15.99%**

Note: For the calculation of the indicators of short-term liabilities, there is also an amount of € 10,916 included, relating to unused approved contractual loan limits (2016: € 7,471)

According to the article 412, paragraph 1, of the regulation (EU) no. 575/2013 of the European Parliament and of the Council and paragraph 2, (EU) 2015/61, the Bank must hold "liquid assets, the sum of whose values to able to cover liquidity outflows minus liquidity inflows under extreme conditions". Regulation (EU) no. 575/2013 introduces the following indicators for monitoring liquidity risk:

Liquidity Coverage Ratio (LCR): It concerns what percentage of high-quality liquid assets is held by the credit institution in order to offset estimated cash outflows over a 30 day stress scenario. According to Regulations 61/2015 and 575/2013, the Liquidity Coverage Ratio (LCR) limit for 2017 should not be lower than 80% while from 2018 should not be lower than 100%. For the Bank, the (LCR) was calculated in percentage 196.52% on 31/12/2017.

Net Stable Funding Ratio (NSFR) It is the amount of long-term stable funding that the Bank has to hold (fraction: Liabilities that constitute stable funding, to Assets that require stable funding). The minimum limit of the ratio is set at 100% from 2018. For the Bank, the (NSFR) was calculated in percentage of 136% on 31/12/2017.

To address liquidity risk, the Bank monitors the liquidity exposures arising from the mismatch of Assets and Liabilities and strives to balance them so that the Bank can meet its cash requirements.

Funding of the Bank's Assets is mainly derived from customer deposits. These are saving deposits, sight and fixed-term deposits. Although these deposits can be withdrawn without notice if requested, the dispersion in number and type of depositors ensures the absence of significant unexpected fluctuations. The imposition of capital controls helps to secure the deposit base and constitutes a deterrent to cash withdrawals.

Cash Management Committee

The Bank has established a Cash Management Committee consisting of two members of the Board of Directors and is appointed by decision of the Board of Directors, the General Manager and two members from the service.

The Committee is responsible for the following matters:

- developments in liquidity, the money and foreign exchange markets.
- Saving deposits and loan demand.
- Cost of marginal cash.
- Exchange position of the Bank.
- Euro and foreign currency liquidity position.
- Optimization of assets - liabilities
- Mandatory engagements and placements.
- Placements in the money and capital market.
- Distribution of Capitals, management of dept securities.

The Commission decides on:

- Investing cash in Greek State securities.
- Investing cash in the interbank market.
- Investing cash at another Bank.
- The sale with the right to repurchase, to the members of the Bank, of Treasury Bills of the Greek State from the Bank's cash (REPOS REVERSE and REPOS).

The committee also forms and monitors the credit and debit transactions with the Bank of Greece.

4.3 Capital adequacy

In order to ensure the capital adequacy of the Banks, the competent supervisory authorities have established quantitative criteria and impose the maintenance of minimum amounts and capital ratios the determination of which is made on a risk-weighted basis. For the determination of these ratios, the relationship between the amount of equity and the weighted total of Assets is taken into account.

The European Parliament and the Council of the European Union published in June 2013 the EU Regulation 575/2013 and Directive 2013/36/EU (CRD IV) on the access to credit institutions' activity and the prudential supervision of credit institutions and investment enterprises, through which the changes proposed by the Basel Committee III have been integrated and adapted at European Union level. The aforementioned Regulation and Directive were incorporated into the Greek Legislation with the Law 4261/2014 with entry into force on 1.1.2014 and are implemented as formed after the amendments a) to the Directive 2013/36/EU with Law 4335/2015 and Law 4340/2015 and b) in the EU Regulation 575/2013 with the Regulation 62/2015 by authorization and the Implementing Regulation 680/2014 as subsequently amended by the Implementing Regulations 79/2015, 227/2015 and 1278/2015. Until 31.12.2013 the supervisory framework of Basel II was implemented, which was incorporated into the Greek Legislation with Law 3601/2007 and its subsequent amendments.

According to EU Regulation 575/2013 and Directive 2013/36/EU credit institutions based in Greece must meet a minimum rate of 4.5% for the capital ratio of common equity tier 1 (CET 1), 6% for the capital ratio of shares of tier 1 (Tier 1) and total capital ratio 8% (CAR Ratio). The total capital ratio 8% according to article 92 of Regulation (EU) 575/2013, after taking into account the Total Capital Ratio EDEA(1.25%) and the provisions of Article 122 of Law 4261/2014 on observation of reserve of security of capital maintenance amounts in 10.5%.

The Bank maintains a high capital adequacy ratio. In particular, the Capital Ratio of Common Equity of Tier 1 (CET 1 Capital Ratio) was formed on 31.12.2017 at 18.74% (2016: 17.93%). Both Tier I capital ratio and
Total Capital ratio were set at the same levels.

Inside 2018, EDEA is to be completed by the Supervisory Authority, which is expected to readjust the total capital ratio.

5. Significant accounting estimates and assumptions

Management's estimates and judgments are continuously being reviewed and are based on historical data and expectations for future events that are considered reasonable under the circumstances. Actual amounts may differ from these estimates.

The Bank makes estimates and assumptions about the evolution of future events. Estimates and assumptions that present a significant risk of causing material adjustments to the carrying values of assets and liabilities in the next 12 months are as follows:

5.1 Impairment losses on financial means

When examining impairment of loans and receivables against customers, the Bank makes estimates regarding the amount and time of collection of future cash flows. Considering that these estimates are affected by a number of factors such as the borrower's financial position, the net liquidatable value of any coverings, the historical loss ratios per portfolio, the actual results may differ from the estimates. Appropriate estimates are also used to measure the existence of losses of impaired securities classified as securities available-for-sale.

5.2 Deferred taxation

The Bank recognizes deferred tax assets to the extent that it is probable that there will be sufficient tax losses against which the unused tax losses and the deductible temporary differences can be used. This requires significant estimates from the Management regarding the amount of future taxable profits. Making this estimate, the Bank examines all available information, including the historical amount of profitability, Management's provision for future taxable revenues and tax legislation.

5.3 Ranking of cooperative capital

The Management of the Bank considers that all the conditions for the recognition of the cooperative capital in Net Worth, in accordance with IFRIC Interpretation 2, are met. The change in the future of these or some of these conditions (see note 3.12) may result in the reclassification of the whole or part of the Equity to the financial liabilities.

December 31, 2017 (all amounts expressed in Euros)

6. Net interest revenues

	2017	2016
Interests and similar revenues of		
Loans and receivables against customers	3,008,289	3,217,734
Receivables against credit institutions	506,321	381,781
Interests from bonds of investment portfolio	22,931	8,296
Other	15,626	18,096
Total	**3,553,166**	**3,625,906**
Interests and similar expenses		
Liabilities to customers	(833,054)	(832,567)
Contribution of Law 128/1975	(222,884)	(229,585)
Contribution to the Deposit Guarantee Fund	(29,187)	(28,810)
Other	(6,357)	(10,594)
Total	**(1,091,482)**	**(1,101,556)**
Net interest revenues	**2,461,684**	**2,524,351**

7. Net revenues from commissions

	2017	2016
Revenues from commissions of		
Letters of Guarantee	94,125	114,292
Collections on behalf of third persons	44,929	33,789
ATM	1,718	6,104
Other loan operations	243,739	189,330
Handling of checks	4,013	4,515
Insurance transactions	33,470	33,908
Remittances	80,136	76,477
POS Suppies	195,435	65,693
Other operations	25,165	15,012
Total	**722,731**	**539,120**
Commission expenses		
Interbanking Systems (DIAS)	(11,641)	(16,503)
ATM	(60,276)	(59,627)
Tiresias S.A.	(41,297)	(39,542)
Other operations	(194,874)	(16,100)
	(308,088)	**(131,772)**
Net revenues from commissions	**414,643**	**407,348**

December 31, 2017 (all amounts expressed in Euros)

8. Personnel wages and expenses		
	2017	**2016**
Wages	(711,364)	(681,642)
Social security expenses	(181,663)	(174,200)
Other expenses and benefits	(122,076)	(147,964)
Retirement cost of defined benefit plans (note 22)	(11,107)	(11,463)
Total	**(1,026,211)**	**(1,015,268)**

The number of staff employed on 31/12/2017 amounted to 34 persons (2016: 33 persons).

9. Other operating expenditure

	2017	**2016**
Third party wages and expenses	(111,047)	(82,830)
Telephone - Postal expenses	(79,715)	(54,371)
Rents of buildings	(77,217)	(75,313)
Premiums	(11,249)	(14,227)
Repairs and maintenances	(65,940)	(96,868)
Lighting-Water supply-communal expenses	(39,437)	(19,599)
Taxes - Fees	(48,229)	(41,596)
Travel costs	(46.697)	(28,496)
Promotion and Advertising Expenses	(13,850)	(2,986)
Subscriptions and contributions	(39,124)	(43,117)
Subsidies	(11,102)	(5,730)
Printed materials and stationery	(35,721)	(29,562)
Costs of publications	(8,157)	(7,690)
Judicial and extrajudicial expenses	(12,656)	(30,790)
Other expenses	(107,951)	(51,126)
Total	**(708,090)**	**(584,301)**

10. Other impairment losses		
	2017	**2016**
Impairment losses of assets from auctions (note 19)	(3,600)	(15,000)
Impairment losses of other receivables (note 19)	(12,207)	(20,541)
Total	**(15,807)**	**(35,541)**

December 31, 2017 (all amounts expressed in Euros)

11. Income tax

	2017	2016
Tax of the financial year	(276,270)	(110,573)
Deferred tax (note 18)	(64,036)	(34,380)
Total	**(340,306)**	**(144,953)**

Income tax on profits before taxes differs from the theoretical amount that would arise if we used the basic tax rate of Greece as follows:

	2017	2016
Profits before taxes	**942.478**	**455.803**
Tax calculated at the nominal tax rate of 29% (2016: 29%)	(273,319)	(132,183)
Expenses that are not deductible for tax purposes	(6,987)	(12,770)
Provisions	(10,000)	-
Total of taxes	**(340,306)**	**(144,953)**

The Greek tax legislation and the relevant provisions are subject to interpretations by the tax authorities. The income tax statements are filed on a yearly basis but the profits or losses declared for tax purposes remain temporary until the tax authorities examine the tax returns and the taxpayer's books, at which time the relevant tax liabilities will be settled. Tax losses, to the extent that are recognized by the tax authorities, may be used to offset profits for the five subsequent financial years hat follow their intended use.

The Bank has completed its tax liabilities until the financial year 2009 according to the provisions of Law 3888/2010 and Law 3697/2008. As a result, tax declarations for the financial years 2010 to 2017 have not been examined by the tax authorities until today and therefore the tax results of these financial years have not been rendered final. The Bank's Management considers that has formed sufficient provisions to cover any differences from those unaudited financial years, the cumulative amount of which on 31.12.2017 amounts to 165,000 (note 21).

12. Cash and Cash balances in the Central Bank

	31/12/2017	31/12/2016
Cash	1,669,548	1,652,591
Cash Balances in the Central Bank	3,517,796	3,524,574
Total	**5,187,344**	**5,177,165**

The Bank is required to maintain a current account in the Bank of Greece in order to facilitate interbanking transactions with this Bank and other Banks.

These deposits are interest-bearing, with interest rate that of refinancing of the European Central Bank, which was negative on 31.12.2017 and amounted to -0.40% (31.12.2016: -0.40%).

For the purposes of the preparation of the cash flow statement as cash and cash equivalents are considered the balances of the accounts "Cash and cash balances in the Central Bank" and "Receivables against credit institutions".

December 31, 2017 (all amounts expressed in Euros)

In the published financial statements of 2016 for the purposes of the preparation of the cash flow statement as cash and cash equivalents had been received only the balances of the accounts "Cash and cash balances in the Central Bank".
Funds for the comparative period 2016 in the Cash Flow Statement have been readjusted to correspond to the presentation of the current financial year.

13. Receivables against credit institutions	**31/12/2017**	**31/12/2016**
Sight Deposits	29,060,014	15,140,723
Fixed-term deposits	6,175,459	13,759,096
Total	**35,235,473**	**28,899,819**
The Bank's total deposits are in euros.		

14. Loans and receivables against customers		
	31/12/2017	**31/12/2016**
Individuals		
Residential loans	7,364,105	7,356,182
Consumer loans	3,986,828	4,260,789
Business loans		
Small and Medium Enterprises	53,729,598	52,046,204
Total	**65,080,532**	**63,663,176**
minus: accumulated impairment provisions	(15,954,101)	(16,020,453)
Total	**49,126,430**	**47,642,722**

The activity of the account of provisions of impairment loans is as follows:

	31/12/2017	**31/12/2016**
Balance on January 1st	16,020,453	15,259,433
Amounts that were used for deletions	(151,919)	-
Net provision for the financial year	85,567	761,021
Balance on December 31st	**15,954,101**	**16,020,453**

December 31, 2017 (all amounts expressed in Euros)

15. Portfolio of investment securities

	31/12/2017	31/12/2016
a Financial assets available for sale		
Unlisted equity instruments	1,286,723	1,270,943
minus: impairment	(981,520)	(981,520)
Total a.	**305,203**	**289,423**
b. Loans and receivables		
Bank Bonds	1,100,137	1,100,274
Total b	**1,100,137**	**1,100,274**
Total a + b	**1,405,340**	**1,389,697**

Available-for-sale investments are measured at the acquisition cost since they are not traded in a regulated market and an audit of impairment of their value is performed.

Bank bonds classified as loans and receivables are valued using the effective interest method.

The activity of the investment securities portfolio is as follows:

	2017	2016
Balance at start of the financial year	1,389,697	340,553
Sales	(1,000,000)	-
Markets	1,015,780	1,048,869
Change in accrued interests	(137)	274
Balance at end of the financial year	**1,405,340**	**1,389,697**

December 31, 2017 (all amounts expressed in Euros)

16. Tangible assets

Acquisition value

	Plots-Buildings	Furnitures and other	Improvements in real estates of third	Total
Balance on 1/1/2017	97,000	934,838	376,798	1,408,636
Additions		157.763	30,078	187,841
Balance on 31/12/2017	97,000	1.092.600	406,876	1,596,476
Accumulated amortizations and impairment				
Balance on 1/1/2017	(16,449)	(723,167)	(312,448)	(1,052,064)
Sales & Deletions				0
Period depreciations	(1,399)	(68,619)	(25,710)	(95,729)
Balance on 31/12/2017	(17,848)	(791,786)	(338,158)	(1,147,793)
Undepreciated value 31/12/2017	**79,152**	**300,814**	**68,718**	**448,684**

Acquisition value				
Balance on 1/1/2016	97,000	909,085	376,798	1,382,883
Additions	-	25,752	-	25,752
Balance on 31/12/2016	97,000	934,838	376,798	1,408,636
Accumulated amortizations and impairments				
Balance on 1/1/2016	(15,049)	(655,235)	(279,280)	(949,564)
Amortizations	(1,399)	(67,932)	(33,169)	(102,500)
Balance on 31/12/2016	(16,449)	(723,167)	(312,448)	(1,052,064)
Undepreciated value 31/12/2016	**80,551**	**211,671**	**64,350**	**356,572**

For above assets there are no in rem encumbrances.

On 31.12.2017 the Bank had no contractual liabilities for the purchase of tangible fixed assets.

The Bank has carried out an impairment test of its properties on December 31, 2017 and December 31, 2016 by assigning the estimate of their fair value to an independent appraiser. As the recoverable value of the properties, was used the fair value minus the cost of sale, which is estimated to approximate the value of their use. Sale's cost was considered negligible (zero). The fair value of the properties has been based on elements of level 3 of the fair value hierarchy. The fair values of properties were based on market data using comparable adjusted prices in relation to the nature, location and condition of the properties as well as the rental value of a unit of comparable properties per square meter.

From the impairment audit no impairment losses occured.

December 31, 2017 (all amounts expressed in Euros)

17. Intangible assets

	Software
Acquisition value	
Balance on 1/1/2016	497,048
Additions	15,691
Balance on 31/12/2016	512,739
Accumulated amortizations & impairments	
Balance on 1/1/2016	(397,948)
Amortizations	(29,860)
Balance on 31/12/2016	(427,808)
Undepreciated value 31/12/2016	**84,931**
Acquisition value	
Balance on 1/1/2017	512,739
Additions	70,602
Balance on 31/12/2017	583,341
Accumulated amortizations & impairments	
Balance on 1/1/2017	(427,808)
Amortizations	(37,866)
Balance on 31/12/2017	(465,674)
Undepreciated value 31/12/2017	**117,667**

18. Deferred taxation		
	2017	**2016**
Starting balance	2,388,363	2,422,744
Tax in the profit and loss statement (note 11)	(64,036)	(34,380)
Tax on other comprehensive income	(5,039)	-
Balance at the end of the period	**2,319,289**	**2,388,363**

The biggest part of deferred receivables (liabilities) is recoverable (payable) after 12 months.

The activity in deferred tax receivables and liabilities during the financial year, without taking into account the offsetting of the balances, is the following:

Deferred tax liabilities:

	Accrued interests	**Total**
Balance on January 1, 2016	-	-
(Charge) / credit on the profit and loss statement	(38,894)	(38,894)
Balance on December 31, 2016	**(38,894)**	**(38,894)**
(Charge) / credit on the profit and loss statement	688	688
Balance on December 31, 2017	**(38,206)**	**(38,206)**

December 31, 2017 (all amounts expressed in Euros)

Deferred tax receivables:

	Fixed assets .	Impairment of loans and other receivables	Benefit liabilities to the employees after leaving the service	Other	Total
Balance on January 1, 2016	15,359	2,182,163	29,806	195.416	2,422,744
(Charge) / credit on the profit and loss statement	6,648	(5,459)	3,324	-	4,514
Balance on December 31, 2016	**22,007**	**2,176,705**	**33,130**	**195,416**	**2,427,257**
(Charge)/credit on the profit and loss statement	2,101	(70,046)	3,221		(64,723)
(Charge)/credit on other comprehensive income			(5,039)		(5,039)
Balance on December 31, 2017	**24,108**	**2,106,659**	**31,312**	**195,416**	**2,357,495**

The deferred tax recognized in Other comprehensive income during the financial year concerns for actuarial losses from the revaluation of defined benefit plans.

19. Other Assets

	31/12/2017	**31/12/2016**
Deposit Guarantee Fund	1,377,254	1,362,182
Assets from auctions	346,400	350,000
Accrued expenses	8,163	-
Other receivables and prepayments	68,545	143,514
Total	**1,800,362**	**1,855,696**

With the implementation of the law. 4370/2016 (GG 37 / 7.3.2016) the provisions of articles 1 to 27 of Law 3746/2009 on the "Deposit and Investment Guarantee Fund (TEKE) were abolished, and the provisions of the above law 4370/2016 are in effect. In this context, the amount of deposits covered by the deposit guarantee scheme was set at € 100,000, per depositor (Article 9 Law 4370/16). Accordingly, a new method of calculating contributions to the Deposit Cover Scheme (DCS), the Investment Cover Scheme (ICS), regular ex-ante contributions to the Resolution Scheme (RS), and a fee for participation in the Deposit and Investment Guarantee Fund (TEKE) was introduced. The provisions of the Resolution Scheme (RS) as a resolution fund for credit institutions come from regular ex-ante contributions and extraordinary ex-post contributions in accordance with the provisions of Law 4335/2015 and the relevant amendments made by Law 4370/2016. Credit institutions participating at the time of granting of loans to the RS pay contributions by which the RS repays its liabilities from loan for resolution purposes. The above changes in the institutional framework of the Deposit and Investment Guarantee Fund (TEKE) and the calculation of the contributions brought a small reduction in the contributions paid to the Deposit and Investment Guarantee Fund (TEKE) in the closing financial year (note 6) as no extraordinary contributions occured.

The fund Assets from auctions includes properties that came to the possession of the bank through auctions. On 31.12.2017 and 31.12.2016 the Bank valued these properties at the lower value between accounting and fair value, assigning their valuation to independent appraisers. The fair value of the properties has been based on elements of level 3 of the fair value hierarchy. From the impairment audit, for the current financial year, losses of 3,600 (2016: 15,000) occurred, which appear in the fund "Other impairment losses" of the profit and loss statement.

In Other receivables and prepayments, the impairment was conducted for the current financial year 2017 and the prior financial year 2016 and resulted in losses of € 12,207 and € 20,541 respectively, which are depicted in the fund "Other impairment losses" of the profit and loss statement.

December 31, 2017 (all amounts expressed in Euros)

20. Liabilities to customers

	31/12/2017	31/12/2016
Sight Deposits	23,549,752	22,331,060
Saving Deposits	18,847,136	17,774,008
Fixed term deposits	38,659,929	34,323,096
Checks and orders payable	81,790	51,405
Total	**81,138,607**	**74,479,570**

21. Provisions for other liabilities and expenses

	Provisions for unaudited on a tax basis financial years
Balance on January 1, 2016	**155,000**
Additional provisions of financial year	-
Balance on December 31, 2016	**155,000**
Additional provisions of financial year (note	10,000
Balance on December 31, 2016	**165,000**

22. Benefit liabilities to employees after leaving the service

	31/12/2017	31/12/2016
Balance sheet liabilities		
Retirement benefits	107,973	114,241
Charges in profit and loss		
Retirement benefits (note 8)	11,107	11,463
Actuarial (profits)/losses (Other comprehensive income)		
Retirement benefits	(17,375)	-

The amounts recorded in the profit and loss account

	2017	2016
Current employment cost	8,708	9,305
Financial cost	2,399	2,158
Total	**11,107**	**11,463**

December 31, 2017 (all amounts expressed in Euros)

Change of the liability in the balance sheet:

	2017	2016
Υπόλοιπο έναρξης χρήσης	114,241	102,778
Σύνολο χρέωσης στα αποτελέσματα	11,107	11,463
Πληρωθείσες αποζημιώσεις		-
	125,348	**114,241**
Αναλογιστικά (κέρδη)/ζημιές από αλλαγές σε οικονομικές παραδοχές	(25,902)	-
Αναλογιστικά (κέρδη)/ζημιές λόγω εμπειρίας	8,527	-
Balance at end of financial year	**107,973**	**114,241**

The main actuarial admissions that were used for accounting purposes are the following:

	2017	2016
Discount rate	1.9%	2.1%
Inflation	2.0%	2.0%
Future salary increases	3.0%	3.8%

The average expected duration of expiry of the employee benefit liability is 25 years.

23. Other Liabilities

	31/12/2017	31/12/2016
Revenues on behalf of third parties	600,313	349,329
Liabilities from other taxes and fees	55,553	53,771
Insurance organizations and other contributions	44,597	41,830
Dividends payable	84,254	27,281
Suppliers	74,496	72,478
Deposit Guarantee Fund	-	-
Accrued expenses	21,123	-
Other Liabilities	204,322	185,581
Total	**1,084,657**	**730,270**

24. Cooperative capital and Premium from share issuance

	Cooperative capital	Premium from share issuance	Number of shares
Balance on January 1, 2016	**8,126,902**	**6,625,892**	**219,646**
Increase of cooperative capital	170,237	105,956	4,601
Balance on December 31, 2016	**8,297,139**	**6,731,847**	**224,247**
Capitalization at a premium	4,864,449	(4,864,449)	-
Capitalization of retained losses	(4,864,449)	-	-
Increase of cooperative capital	271,173	146,580	7,329
Decrease of cooperative capital	(32,079)	(14,783)	(867)
Balance on December 31, 2017	**8,536,233**	**1,999,195**	**230,709**

December 31, 2017 (all amounts expressed in Euros)

The nominal value of the share amounts to 37 euros.

The Management of the Bank considers that all the conditions for the recognition of the cooperative capital as Equity are met, according to the Interpretation IFRIC 2, as there is a relevant prohibition by the Bank of Greece, according to the provisions of article 149 of L. 4261 / 5.5.2014 for repayment of capitals.

With the decision of the General Assembly of the associates dated on 15/6/2017 it was decided : a) initially an increase
of the Cooperative Capital by an amount of € 4,864,449 by capitalizing part of the existing Premium reserve and by increasing the nominal value of the cooperative share by € 21,6924 and b) an equal reduction of the Cooperative Capital by € 4,864,449 to cover the balance of the retained losses of 31.12.2016 amounting to € 4,864,449 with a reduction of the nominal value of the cooperative share by € 21,6924.

The Bank considers that the aforementioned decisions of the General Assembly resulted in the resolution of the Equity
, without affecting the total amount of them (31.12.2016 € 12,260,691), of the accounting value of the cooperative share and the relevant capital adequacy ratios on 31.12 .2016.

25. Reserves

	Regular reserve	Extraordinary reserves	Reserve of the articles of association (right of subscription	Reserves from revenues taxed in a special way	Taxable reserves of special provisions of laws	Reserve of actuarial profits/(losses)	Other reserves	Total
Balance on January 1, 2016	**1,218.434**	**33,148**	**408,380**	**14,667**	**401,054**	**(20,634)**	**16,385**	**2,071,434**
Formation of reserves	11,970							11,970
Increase of cooperative capital			12,750					12,750
Balance on December 31, 2016	**1,230,404**	**33,148**	**421,130**	**14,667**	**401,054**	**(20,634)**	**16,385**	**2,096,154**
Balance on January 1, 2017	**1,230,404**	**33,148**	**421,130**	**14,667**	**401,054**	**(20,634)**	**16,385**	**2,096,154**
Distribution to partners					(224,072)			(224,072)
Formation of reserves	26,922							26,922
Increase of cooperative capital			21,275					21,275
Actuarial profits/(losses) of the period						12,336		12,336
Balance on December 31, 2017	**1,257,326**	**33,148**	**442,405**	**14,667**	**176,982**	**(8,298)**	**16,385**	**1,932,615**

(a) Regular reserve

The Regular Reserve is formed in accordance with the provisions of the Greek Legislation (codified L.1667 / 1986), according to which an amount equal to 10% of the annual net profits (after the taxes), is required to be transferred to the Regular Reserve until its amount reaches the total of the
cooperative capital. The legal reserve is used for the Bank's operations and to cover its possible losses and is only distributed after the dissolution of the Bank.

(b) Extraodinary reserves

Extraordinary reserves include reserves' amounts that have been created by decisions of Regular General Assemblies, have no specific destination and may be used for any purpose following a relevant decision of the Regular General Assembly. The above extraordinary reserves are formed from taxable profits and are therefore not subject to further taxation in the event of their distribution or capitalization.

(c) Reserve of articles of association (right of subscription)

The special reserve of the articles of association is formed by the subscription rights of the partners and by the contribution of new entering partners. This reserve may be used for the development of the Bank's operations or for any purpose the Board of Directors deems appropriate.

(d) Reserves from revenues specially taxed

Reserves that are formed from net profits, are monitored which based on the special provisions that apply every time, are not subject to tax. That is, they are formed by net profits for which no tax is calculated or paid. Reserve of special provisions of laws are reserves for which tax will arise if their distribution is decided.

(e) Taxed reserves of special provisions of laws

Taxed reserves of special provisions of laws include reserves' amounts that were formed from tax-exempt revenues and from the sale of debt securities for which the tax liability has been exhausted and may be distributed to partners by decision of the General Assembly without being subject to further taxation.

(f) Reserve of actuarial profits/(losses)

Actuarial profits and losses arising from empirical adjustments and from changes in actuarial assumptions when measuring the benefit liability to employees after leaving the service.

26. Transactions with affiliated parties

The affiliated parties of the Bank include the key members of the Bank's Management, their close relatives, and the economic entities controlled or jointly controlled by the above persons.

All transactions with affiliated parties are substantially carried out under the same conditions as those applicable to similar transactions with non-affiliated parties and do not involve a higher risk than the normal.

The balances and transactions of the Bank with its affiliated parties are as follows:

December 31, 2017 (all amounts expressed in Euros)

31- Dec-17	Basic Executive officers	Enterprises under the control or joint control of Basic executive officers
Assets		
Loans and receivables against customers	424,505	880,239
Minus accumulated impairment provisions	66,480	172,444
Total	**358,025**	**707,795**
Liabilities		
Liabilities to customers	**485,601**	**402,830**
Letters of guarantee and undisposed credit limits	**407,331**	**597,045**
Revenues		
Interests and similar revenues	20,229	69,047
Commission revenues	3,353	9,199
Total	**23,582**	**78,246**
Expenses		
Interests and similar expenses	2,948	506
Short-term wages and benefits	181,855	
Total	**184,803**	**506**

31-Dec-16	Basic executive officers	Enterprises under the control or joint control of Basic executive officers
Assets		
Loans and receivables against customers	428,070	1,096,727
Minus accumulated impairment provisions	(82,691)	(141,239)
Total	**345,379**	**955,488**
Liabilities		
Liabilities to customers	**368,326**	**79,947**
Letters of guarantee and undisposed credit limits	**410,331**	**286,710**
Revenues		
Interests and similar revenues	17,490	60,273
Commissions' Revenues	3,452	27,260
Total revenues	**20,942**	**87,533**
Expenses		
Interests and similar expenses	2	98
Short-term wages and benefits	204,944	
Total expenses	**204,946**	**98**

December 31, 2017 (all amounts expressed in Euros)

27. Contingent liabilities and commitments

i) Operating leases

On December 31st, 2016 and 2015, the Bank has entered into various operating lease agreements relating to the rental of its branches (safe-deposit boxes) and Administration offices. The total of the future minimum lease payments is as follows:

	31/12/2017	31/12/2016
Until 1 year	80,958	77,578
From 2 - 5 years	343,559	362,875
More than 5 years	24,845	77,529
Total	**449,362**	**517,982**

ii) Liabilities out of Balance Sheet

The Bank, in the ordinary course of business operations, undertakes commitments that may in the future result in changes in its asset structure. These commitments are

	31/12/2017	31/12/2016
Letters of Guarantee	5.526.835	6.442.748

monitored in off-balance sheet accounts and relate to issued letters of guarantee.

iii) Affairs sub judice

No significant lawsuits were pending against the Bank, nor are there any other contingent liabilities on December 31, 2017 for which no provision has been recognized that may have a material effect on the Bank's financial position.

28. Information according to the provisions of L. 4151/2013

As provided by the provisions of Law 4151/2013, every credit institution operating in Greece is required to return to the Greek State, the balances of its inactive deposits, plus corresponding interests, which remain inactive for over twenty years. This return is made until the end of April each year.

Due to the fact that it has not been twenty years since its commencement of operation as a credit institution, the Bank did not have to pay to the Greek State amounts of inactive deposits and interests as mentioned above.

29. Dividends

Ayeart the end of the financial year 2017, with the decision of the General Assembly of the partners dated on 15/6/2017, a distribution of dividends took place of a total amount of € 224, 072 from reserves that were formed in previous financial years for which in the frames of the provisions of L. 2579/1998 and of Article 72 of Law 4172/2013 the tax liability has been exhausted for both the Legal Entity and the partners and could be distributed without any further tax encumbrance. It is noted that the decision for the aforementioned distribution preceded the decision for the cover of retained losses of 31.12.2016, as mentioned in note 24.

No dividends were paid in the previous financial year 2016.

The Board of Directors will propose to the General Assembly of the Bank's partners, the distribution of a dividend of € 176,981.99 (€ 0.7671 per existing share on 31.12.2017), from the balance of the reserves formed in previous financial years for which in accordance with the provisions of Law 2579/1998 and of Article 72 of Law 4172/2013 the tax liability has been exhausted for both the Legal Entity and the partners and could be distributed without any further tax encumbrance.

30. Estimated effect from the implementation of IFRS 9

IFRS 9 was completed in July 2014. The standard sets out the principles for the recognition and measurement of financial assets, financial liabilities and some contracts for the purchase or sale of non-financial assets. The standard will replace the existing IAS 39 from 1.1.2018

30.1 Classification and measurement

Financial assets

Differences in classification and subsequent measurement in relation to IAS 39 are sufficient. IFRS 9 bases the classification of financial assets in the economic entity's business model on the management of financial assets.

For the purpose of subsequent measurement, financial assets are classified according to the economic entity's business model for the management of financial assets and their contractual cash flows.

Financial assets are classified into one of the following three categories, which determines their subsequent measurement:

- At the amortized cost,
- at fair value through other comprehensive income (fair value through OCI) and
- at fair value through profit or loss.

A financial asset is measured at amortized cost when the following two conditions apply:

- the asset is possessed for the purpose of its holding and collecting the contractual cash flows that incorporates and
- the contractual terms of the asset lead, at specific dates, to cash flows that are solely payments of principle and interest (SPPI) on the balance of the capital.

A financial asset is measured at fair value through other comprehensive income when the following two conditions apply:

- the asset is possessed both for the purposse of collecting the contractual cash flows that it incorporates and for its sale and
- the contractual terms of the asset lead, at specific dates, to cash flows that are solely payments of principle and interest (SPPI) on the balance of the capital.

A financial asset is measured at fair value through profit or loss when it is not classified in the two previous categories. However, at the initial recognition, an economic entity may irrevocably choose for certain investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value to other comprehensive income.

It is also possible, at the initial recognition, that an entity determines irrevocably a financial asset as measured at the fair value through
profit or loss if it thereby substantially eliminates or reduces a measurement or recognition inconsistency (sometimes referred to as "accounting mismatch") that would otherwise arise from the measurement of assets or liabilities or from the recognition of the profits and losses on them on different bases.

An economic entity reclassifies financial assets when it modifies its business model that it applies for the management.

Financial liabilities

As in IAS 39, most financial liabilities are measured at amortized cost. Financial liabilities (including derivatives) held for speculation are measured at fair value through profit or loss.

IFRS 9 makes it possible, like IAS 39, for an entity to choose to measure a financial liability at fair value if certain criteria are met (fair value option).

30.1.1 Assessment of the business model and characteristics of the Bank's financial assets

An economic entity's business model refers to the way in which the economic entity manages its financial assets to generate cash flows (cash flows may arise from the collection of contractual cash flows, the sale of financial assets, or from both) and is determined by the ecomonic entity's basic executive officers.

In order to assess its business model and determine whether the cash flows will arise either from the exclusive collection of contractual cash flows or from the sale of financial assets or both, the Bank shall take into account:

- Its operating model
- Its policies and objectives
- The relative risks and how they can be managed

Within the financial year 2017, the Bank proceeded to an initial assessment of the business model in its portfolios and conducted a detailed assessment of the contractual terms in the debt securities portfolio in order to identify possible changes in their classification and measurement. The majority of the Bank's debt securities portfolio meets the 'SPPI' criterion. Consequently , based on existing business models, the Bank expects in general that:

- loans and receivables from customers and financial institutions that are measured at amortized cost in accordance with IAS 39 will continue to be measured at amortized cost in accordance with IFRS 9,
- bonds that, according to IAS 39, are measured as Loans and receivables at amortized cost, will be measured in accordance with IFRS 9, at amortized cost or fair value through other comprehensive income and
- equity instruments that, according to IAS 39 are classified as Available-for-sale financial assets and are measured at fair value through other comprehensive income will continue to be measured at fair value through other comprehensive income in accordance with IFRS 9.

30.2 Impairment of financial assets

IFRS 9 introduces a new impairment model for financial assets, that of the expected credit losses.

A loss allowance against expected credit losses is recognized in financial assets measured at amortized cost or at fair value through other comprehensive income.

The impairment model that introducesthe standard follows a **three-stage approach**based on changes in the expected credit losses of financial assets and determines both the impairment recognition and the recognition of the financial income.

30.2.1 Measurement of Credit Losses

The measurement of the expected credit losses requires the use of models, estimates and assumptions, the assessment of credit behavior as well as the incorporation of proactive information. IFRS 9, for the purpose of provisioning, adopts a "three-stage" approach that reflects the change in credit risk from initial recognition.

At the initial recognition a loss allowance from credit risk is recognized equal to the expected losses of 12 months, which are defined as the expected credit losses resulting from default events that are probable within the next twelve months (stage 1). Subsequently, provided that there has been a significant increase in the credit risk from the initial recognition, an impairment provision equal to the expected credit losses for a lifetime will be recognized , which are defined as the expected credit losses resulting from default events that are probable, throughout expected lifetime of the financial means (stage 2). The impaired financial means will move to stage 3.

Credit Default

A borrower is considered to be in default if one or both of the following events occur:

- He / she is in late payments more than 90 days in any significant credit liability to the Bank
- The Bank estimates that the borrower is unlikely to fully meet his/her credit liability

Expected Credit Losses

As Expected Credit Losses (ECL) are defined the losses that arise from credit default events, weighted based on credit default probabilities. The ECL are calculated in accordance with the following formula:

$$ECL = \sum_{t=1}^{t} PD_t * SP_{t-1} * LGD_t * EAD_t * DF_t$$

where:

- ECL = Expected Credit Losses of the time horizon credit exposure
- T = Time Horizon of Credit Exposure
- $P_D t$ = the probability of default at the time t
- SP_{t-1} = the probability of non-breach until last year of the time t
- LGD_t= rate of loss given default at the time t
- EAD_t= The total amount of credit exposure (expose at default) at the time t
- FD_t = Discount factor

Annual Probability of Default

An annual default probability is the probability of credit losses arising from default events that are probable within twelve (12) months. For the calculation of the annual default probability, the Bank uses historical data. Specifically, the annual default probability per portfolio category and borrower category is equal to the quotient of borrowers of that particular category who defaulted for one year in relation to all customers at the beginning of the year of that particular category.

Borrowers are categorized according to the loan portfolio they belong to, namely:

- Business loan portfolio

- Consumer loan portfolio
- Residential loan portfolio

Specifically for the borrowers belonging to the business portfolio, further categorization is made on the basis of their credit rating.

Integration of proactive information

The bank examines the effect of two macroeconomic factors on the calculation of annual default probabilities:

- Expected Change In GDP
- Expected Unemployment Rate

A prerequisite for taking into account the above factors is the statistical verification of their correlation with the amount of the probabilities of default. The Bank is based on official estimates of operators such as the ECB (European Central Bank), the IMF (International Monetary Fund), the Bank of Greece, the OECD (Organization for Economic Cooperation and Development).

Classification of Exposures in Stages

Stage 1

All borrowers are ranked in Stage 1 at the initial recognition of the credit exposure. At each reporting date, they remain in stage 1 as long as the credit risk has not been increased significantly, or there is a significant increase in credit risk but the credit risk remains low.

Stage 2

Stage 2 includes all borrowers that at the reporting date were ranked in stage 1 and have presented a significant increase in credit risk but have not entered into a credit default status.

In order for a borrower classified in stage 2 to return to stage 1, there should be a significant reduction in credit risk.

A significant increase in credit risk is considered to have occurred in three cases:

- according to the rebuttable presumption of delay of more than 30 (thirty) days
- there is a significant degradation to the credit rating scale
- there is a significant deterioration in the financial situation of the borrower

Stage 3

Stage 3 includes all borrowers who are deemed to be in default in accordance with the definition of credit default referred to above.

In order for a borrower that has been classified in stage 3 to return to stage 2 or stage 1, he must have returned to non-default status, according to EBA (European Banking Authority) guiding principles.

Letters of Guarantee

In accordance with IFRS 9:

- financial guarantee contracts may take various legal forms such as a guarantee, certain types of letter of credit, a contract covering the risk of non-payment of a debt or an insurance policy. Their accounting treatment does not depend on their legal form
- although a financial guarantee contract meets the definition of an insurance policy in IFRS 4 when the transferred risk is significant, the issuer applies IFRS 9. However, if an issuer has previously stated explicitly that he considers these contracts as insurance policies and has used the accounting treatment applicable to insurance policies, then he may apply either IFRS 9 or IFRS 4

The Bank does not consider letters of guarantee as insurance policies and therefore applies IFRS 9 for initial recognition and provisioning.

For the calculation of the credit exposure, the factor of convesion of the outside the balance sheet exposures into credit exposures (Credit Conversion Factor - CCF) shall be used in accordance with what is provided in the Regulation (EU) 575/2013.

30.3 Comparative information

IFRS 9 is applied retrospectively, in accordance with IAS 8 Accounting policies, changes in accounting estimates and errors, for annual reference periods beginning on or after January 1st, 2018. The earlier application is allowed. However, there is the possibility that comparative data not to be readjusted.

The Bank will fully apply IFRS 9 on 1.1.2018, without the revision of the comparative figures and the listing of the required disclosures at the transition date. Consequently, the comparative amounts on 31.12.2017 will be presented in accordance with IAS 39.

30.4 Impact assessment since the first application of IFRS 9

The effect from the first application of IFRS 9 to the Bank's equity on 1.1.2018 is analyzed as follows:

		'000 €
Balance of Equity on 31.12.2017		**13,007**
Estimated effect from the first implementation of IFRS 9		
Expected Credit Losses of Loans and Receivables against customers	(2,090)	
minus: Deferred taxation	606	**(1,484)**
Balance of Equity on 1.1.2018		**11,523**

The following table presents the analysis of the impact of IFRS 9 per stage and type of loan exposure on January 1, 2018.

Amounts in thousand euros	Total Value Value before Impairment	Performing Exposures	Non-Performing Exposures	Accumulated Provision of Impairment (IAS 39)	Provision of Expected Credit Losses (IFRS 9):	Impact from the implementation of IFRS 9
Stage 1	29,110	29,110	-	-	1,813	1,813
Stage 2	1,838	1,584	254	-	309	309
Stage 3	34,133	8,121	26,012	15,954	15,565	(389)
Total	**65,081**	**38,815**	**26,266**	**15,954**	**17,687**	**1,733**

In addition to the estimated expected credit losses mentioned above, the impact of the formation of a provision for loss for expected credit losses from off-balance sheet items, amounts to 357 thousand euros.

30.5 Supervisory treatment of the impact from the implementation of IFRS 9

The Bank has decided to apply the phase-in approach according to the European legislation (Regulation EE 2017/2395) to mitigate the impacts from the introduction of IFRS 9, in the regulatory capitals. According to the above Regulation, the transitional period is five years while the rate of impact to be added is 5% for 2018 and 15%, 30%, 50% and 75% for the next four years. The full impact on the regulatory capitals due to the initial application of IFRS 9 is expected to be reflected on January 1st, 2023. Based on the above, the Capital Ratio of Common Equity of Tier 1 (CET 1) is expected to decline by about 57 basis units in the first year of adoption of IFRS 9, using the transitional provisions (a decrease of 353 basis units for full implementation respectively), which corresponds to a reduction in the regulatory capitals of 364 thousand euros by applying the supervisory transitional provisions.

The estimated impact on the Bank's regulatory capitals due to the initial implementation of the IFRS 9 is presented in the following table:

Amounts in thousand euros	31.12.2017 IAS 39	1.1.2018 IFRS 9 Full implementation	1.1.2018 IFRS 9 Transitional Provisions
Capitals of Common Equity of Tier 1 (Common Equity Tier I)	11,854	9,617	11,490
Capitals of Tier 1 (Tier I)	11,854	9,617	11,490
Total of Regulatory Capitals	11,854	9,617	11,490
Total of Weighted Assets	63,271	63,246	63,246
Capital Ratio of Common Equity of Tier 1 ((Common Equity Tier I)	18.74%	15.21%	18.17%
Capital Ratio of Tier 1 (T1 Capital ratio)	18.74%	15.21%	18.17%
Total Capital Ratio (Total Capital Ratio)	18.74%	15.21%	18.17%

31. Events after the balance sheet date

Apart from the already mentioned events no other significant events have taken place after December 31, 2017, that should be reported or which differentiate the funds of the already published statements.

THE BoD CHAIRMAN	VICE CHAIRMAN OF THE BoD	THE TREASURER	THE CHIEF ACCOUNTANT
GEORGIOS BOUKIS ID Card No. AI 318877	THOMAS DELIGIANNIS ID Card No. P 853484	APOSTOLOS CANDILAS ID Card No. AZ 283943	THEMISTOKLIS GIANNAKOPOULOS ID Card No. AM 844309 Reg. No. A' CLASS 86778